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UNIVERSITY OF CAPE TOWN



DEPARTMENT OF SOCIAL DEVELOPMENT

“AN EXPLORATION OF THE EXPERIENCES OF SELECT WOMEN INFORMAL TRADERS IN THE CITY OF CAPE TOWN”

**A dissertation submitted in partial fulfillment of the
requirements for the award of**

Degree of

**MASTERS IN SOCIAL SCIENCE
(SOCIAL DEVELOPMENT)**

By

NGUM MABEL FONUTCHI (FNTNGU001)

Supervisor: Prof. Vivienne Taylor

Co-supervisor: Dr. Khosi Kubeka

27th November 2012

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ABSTRACT

This study focuses on what has changed and what has remained the same for women in post 1994 South Africa as far as women informal traders in the City of Cape Town (CBD) are concerned. The study shows that despite Legislative and Constitutional changes at the practical level women remain economically and socially disenfranchised. Women informal traders in the City of Cape Town (CBD) still face a lot of challenges in their endeavour to become entrepreneurs.

The objectives of this study are to identify such challenges and find out how women informal traders survive with them. Identify existing support systems and explore their level of awareness with regards to the support systems.

A non-probability purposeful sample of 18 women informal traders in the City of Cape Town (CBD) was drawn and they were interviewed. It was found that most women informal traders in the City Cape Town face a number of challenges among which are the lack of access to finance, lack of infrastructure, business skills, marketing, crime and violence and competition. These can be blamed on poverty, gender imbalances, institutional failures and the impact of the apartheid era that led to the marginalisation of women. Although there are efforts to address these problems, some of these women are still not benefiting due to lack of information.

However, some recommendations are made. Among them are government recognition for informal traders, their inclusion in urban development planning processes, information dissemination through channels like newsletters, magazine, pamphlets, flyers, posters and other audio-video materials that are accessible to the society in general and women in particular.

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List of abbreviation

AFP:	Agence France-Presse
BEE:	Black Economic Empowerment
CBD:	Central Business District
CCT:	City of Cape Town
CT:	Cape Town
DTI:	Department of Trade and Industry
GDP:	Gross Domestic Product
GEM:	Global Entrepreneurship Monitor
ILO:	International Labour Organisation
IOU:	I Owe You
PAYE:	Pay As You Earn
SARS:	South African Revenue Service
SBP:	Strategic Business Partner
SEDA:	Small Enterprise Development Agency
SME:	Small and Micro Enterprises
SMME;	Small, Medium and Micro Enterprises
UN:	United Nation
VAT:	Value Added Tax

CHAPTER ONE

1.1 Introduction

Women in Cape Town, like their counterparts in many developing countries, are faced with many challenges. These range from poverty, deprivation in health and education. The level of unemployment among the female folks is far higher than their male counterparts despite their multiple roles in the family as mothers, breadwinners, carers and community managers. These burdens affect how they engage as entrepreneurs.

This chapter presents the statement of the problem and background to the study. It further explains the rationale for the research, explores the research questions, its goals and objectives, clarification of concepts, ethical consideration and reflexivity.

1.2 Statement of the problem

A significant number of women in the City of Cape Town (CCT), particularly from previously disadvantaged communities are involved in informal trading. They face complex challenges that hinder their progress in their business activities making it difficult for them to find work and significantly reduce the consequences of unemployment in their respective communities. Among these challenges is lack of support systems and lack of awareness of the existing support systems available for informal traders.

1.3 Background of the study

The informal sector is an important element of South Africa's urban setting because of its contribution to the economy of the country. For this reason, it has attracted great research attention during the past three decades because of its potential for job creation and income generation. This sector took off in South Africa during the nineteenth century with mainly African street vendors (Bromley, 2000).

By 1985 it had attracted nearly two million people in the townships with a further increase witnessed since 1994 after the first democratic elections. This is because the laws that prohibited black businesses in the townships were abolished (Cant and Brink, 1989). The role of women in poverty reduction through retail businesses in their communities has been significant.

It is estimated that there are between 1 and 2.3 million informal businesses in South Africa, which contribute between 7 and 12 percent of the country's GDP (Stats SA, 2005). An estimated 45.5% of informal enterprises are owned and managed by women and approximately 54.5% by men; and an estimated 91.3% are owned and managed by Africans (Stats SA, 2005).

1.4 Rational and significance of the study

According to Lerner et al, (1997) previous research have mostly focused on female entrepreneurs in developed countries with very little being carried out in developing countries. Researchers such as Rolfe et al (2010), O'Neill et al (2001) and Lund (1999) have conducted studies on women informal activities. However not much research and data is available on women informal traders in the CCT (CBD) with particular focus on their challenges and the support systems available to them. This study is therefore designed to develop a deeper understanding of these challenges and the support systems available to them in the CCT (CBD). Furthermore, it investigates the level of awareness and the utilization of the existing support systems by women in this sector of the economy.

This research aims to alert policy makers to the problems encountered by women informal traders and to improve strategies to assist them in the CCT.

This research will be of significance to policy makers and government institutions in their efforts to promote the activities of women informal traders. It will highlight the aspects to be taken into consideration in their quest to empowerment women. Relevant government institutions can also use the research to promote awareness among women traders, knowing that it will enable them to learn from other's experiences and fully develop their enterprises and entrepreneurial skills.

While there are a wide range of existing support systems, in most cases they are not used by women involved in informal trade (O'Neill & Viljoen, 2001). The study will gauge if women in the CCT are aware of support systems and whether they are able to utilize them.

The research will benefit the women traders who participate in the study because through in-depth interview, awareness of support systems will be raised. I believe raising the awareness of

support systems will inspire participants to enquire and get more information about support available to them and thus will lead to women's economic empowerment.

1.5 Research topic

An exploration of the experiences of select women informal traders in the City of Cape Town.

1.6 Research questions

- What are the challenges experienced by women informal traders located in the Central Business District (CBD) in the City of Cape Town.
- What support systems are available for women informal traders in the city of Cape Town?
- Are women informal traders aware of such support systems available to them?

1.7 Main goal and objectives

The goal of this research is to explore the experiences of select women informal traders in the City of Cape Town and the challenges facing them.

Objectives of the Research

- Identify challenges faced by women involved in informal trading in the city of Cape Town.
- To identify existing support systems for women informal traders in the City of Cape Town.
- To explore women informal traders' level of awareness with regards to existing support systems.

1.8 Main assumptions

- The high rate of illiteracy amongst women has resulted in some of them joining the informal sector as a survival strategy.
- Increase of women informal traders in the CCT is due to family responsibilities.
- Unemployment means the disempowerment of women and has resulted in some women pursuing trade as a means of earning a living.
- The lack of knowledge of support systems amongst women informal traders in the CCT (CBD) has led to the underutilization of the support systems.

1.9 Clarification of concepts

1.9.1 Unemployment

Unemployment is described according to one of two definitions: The terms ‘strict’ or ‘narrow’ or ‘official’ are used interchangeably. A person is regarded as unemployed (according to the official definition) if he or she did not work in the previous week, wants to work, is available to begin work within a week and has taken active steps to look for employment or self-employment in the previous four weeks (Bhorat & Woolard, 2004). One in nearly three black South African women is unemployed and 27% or more than one in four black South Africans aged between 15 and 64 years old are not working (AFP, 2008). This is a factor in their involvement in the informal sector. The designations African, Coloured and Asian/Indian were used as racial categories by the apartheid government. They are still in use today to distinguish who has access to resources and who does not.

1.9.2 Informal economy

The informal economy is defined as the informal sector and includes providers of informal activities not recorded in the national accounts and not subject to formal rules of contract, licensing or labour inspection (Marius, 1987). Main features of these activities are ease of market entry, reliance on indigenous resources, small scale operation, labour intensity, informal skill acquisition and unregulated and competitive markets (Marius, 1987). In this research the informal economy is used interchangeably with informal sector and will refer to work which is not taxed or regulated by the state. Women informal traders in the CCT are in small scale activities, they are not regulated, work for longer hours and rely on indigenous resources. These are typical of the informal sector.

1.9.3 Informal trade

Informal Trade is defined as the economic activity undertaken by entrepreneurs/traders who sell legal goods and services within a space deemed to be public property (City of Cape Town, 2003). The women who were surveyed were all entrepreneurs engaged in economic activities falling within this definition.

1.9.4 Entrepreneur

An entrepreneur is someone who is starting or running a business or enterprise that he/she owns. In this research the term entrepreneur will be used interchangeably with business owner-managers and traders all of whom are self-employed (Stats S A, 2003). All the women who participated in this study are micro business owners thus referred to as entrepreneurs.

1.9.5 Small and Micro Enterprises (SMEs)

Different definitions have been used to explain small and medium size entrepreneurs. In the Paper on National Strategy for the Development and Promotion of Small Business in South Africa, the South African Government defines micro enterprises as a business with one to four workers and small enterprises as a business with five to fifty workers (DTI, 1995). Many government publications use the term Small, Medium and Micro Enterprises (SMME). This research will however focus on micro enterprises with less than three employees.

1.9.6 Poverty

There are many definitions of poverty. It is continually being redefined and has been understood by theorists differently during various developmental periods. The shifts in thinking on poverty also bring to light the various indicators that are often associated with poverty.

The study will focus on Sen's (1999) definition of poverty as it offers the most comprehensive understanding of the term. He defines poverty in terms of capabilities. Capabilities according to Sen, means the substantive freedoms women enjoy such as political freedoms, economic facilities, social opportunities, transparency guarantee and protective security. These five are interconnected, where deprivation of one freedom will result in deprivations in other freedoms, leading to poverty (Sen, 1999:3, 40). These freedoms permit women to lead the kind of life they deserve including basic education and health, social functioning and longevity. Sen (1999) further argues that poverty can be characterized by capability deprivation since capabilities are basically important, whereas income is instrumentally significant.

1.9.7 Gender

Gender is used to differentiate between the male and female behavioral pattern within a particular environment. It also refers to the web of cultural symbols, normative concepts, institutional structures and internalized self-images which, through a process of social construction, define

masculine and feminine roles and articulate these roles within power relationships (Taylor, 1999: 46). This research will focus on women informal traders only because the unequal gender relations in society means the denial of women's access to economic activities and resources. Support for women traders in a field hitherto dominated by their male counterparts is primordial not only in the government bid to curb unemployment, but also in its efforts to reduce gender inequality in the country (Bessie & Ekechi, 1995).

1.9.8 Marginalization

The term marginalization generally describes the clear actions of human societies whereby those with limited access to resources are either deprived of or excluded from the established systems of protection and integration, so limiting their opportunities and means for survival. It can manifest itself in forms of ethnic-cleansing and other xenophobic activities at one end of the spectrum to more basic economic and social hardships at the individual or family level (Kanbur, 2007). Women informal traders in the CCT have been marginalized because of their limited access to resources. This has further limited their opportunities that could lead to empowerment.

1.9.9 Development

Development is a term that is widely used today. Burkey (1993), says that development and planning boils down to four questions, namely: Development from what?, by whom?; from whom?; and, in what ways?

Korten (1990) defines development as “a process by which the members of society increase their personal and institutional capacities to mobilize, manage their resources and produce sustainable development ...consistent with their own aspirations.”

This means that development is about empowering women to facilitate their advancement in a sustainable manner. Monaheng (2000:127) states that, “the problems of development are complex and should be tackled together in an organized manner”. Todaro (1994) states that development involves changes in structures, attitudes and institutions, as well as the fact that development should be marked by growth.

On its part, the UNDP (1995: 1) defines development as economic and social activities which aim to enlarge people's choices by providing equal opportunities to everyone in the society,

sustaining such opportunities from one generation to the next and empowering people so that they participate and benefit from development processes. If women are given equal opportunities as men to access economic activities and resources it will empower them and reduce gender inequalities and poverty since poverty cannot be eradicated without good development plans.

1.10 Conclusion

This chapter seeks to introduce the problem statement of this study which explains that a large number of women in the CCT face complex challenges as informal traders which hinder growth in their business activities making it difficult for them to reduce poverty and unemployment in their respective communities. The background of the study has been highlighted and rationale revealed. Significance of the study was disclosed as well as research questions and objectives. The following chapter discusses the literature review.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

Informal trading has been researched extensively in the past and still receives significant attention from academics around the world. One of the reasons why informal trading is so important is its contribution to survivalist activities, growth and efficiency and because it commercializes public knowledge (Ullrich & Brown, 2004). South Africa can therefore succeed in developing informal trading through its improvement of micro business's support infrastructure, building networks and focusing government policy on micro business development (Kroon, 2002).

This literature review covers and critiques perspectives on women informal traders and their challenges in South Africa. To be considered below are theories of social development; people centred development and development as freedom. The literature will also examine women and trade in South Africa from a historical perspective, some reasons for the dominance of women in informal trade, informal traders and regulations, their challenges and constraints to growth and the existing support systems and their effectiveness for women informal traders.

2.2 Theoretical framework

2.2.1 Effect of social development

The term Social development has been used most extensively in the field of development studies and is very much concerned with the development of less industrialized countries. Social development integrates economic and social well being of people. Social development is defined as 'a process of planned social change designed to promote the well-being of the population as a whole in conjunction with a dynamic process of economic growth' (Midgley, 1995; 25). It is generally seen as way of promoting peoples welfare or social well being. Midgley, (1995; 13) states that today the term social welfare has been associated with charity or public assistance for poor families and their children. Social welfare is comprised of the degree to which social problems are managed, the extent to which needs are met and the degree to which opportunities for advancement are provided (Midgley, 1995; 14). This is therefore a practical approach that

harmonizes and implements socio-economic policies and programmes that enhances people's welfare and development.

The idea of social development is that it brings together concerns related to health, education, food security, paid work, access to economic opportunities through the market in both the formal and informal sectors. This should be done together with the dynamic process of economic development because social development links social welfare directly to economic development policies and programmes. Societies where economic development has not been accompanied by social development have experienced distorted development (Midgley, 1995). This has affected women in this research because their vulnerabilities have been increased by the poor social service delivery. Their exclusion from both social and economic development programs forces them into poverty hence their involvement in informal trading.

The South African government inherited this type of distorted development from the apartheid era and thus needs to employ a developmental approach that will help balance the injustices of the past to ensure significant reductions of unemployment, poverty and inequality. This developmental approach must seek to promote integration, enhance social wellbeing, mobilize human capital and engage women in productive activities that contribute positively to economic development (Midgley, 1995; 87). Therefore women informal traders have to be integrated in the economic system and be a part of policy formulation processes. This will help to enhance their capacity to participate in economic activities that will lead to a significant reduction of unemployment, poverty and inequality. When women are given a voice to be active participants in their own development they are able to realize their potential and live a life they have reasons to value.

Midgley (1995), further argues that another way of achieving social development besides harmonizing social and economic policies and programmes is through individuals, communities and the state. The rationale for this is that social welfare can be best improved when women are given the opportunity to become responsible citizens and promote their own well-being (Midgley, 1995). This he argues, can only be effective if the government creates employment opportunities through which women can become economically empowered. This will help generate income for the provision of their needs and those of their family and eventually alleviate poverty. The most

important of these importunities will be to create a favorable environment in which women can start up SMEs. The South African Constitution and legislative framework highlights the importance of gender equality. The Black Economic Empowerment (BEE) Act also seeks to empower black women by enabling them own and manage their businesses, access economic activities, infrastructure and skills training. However, this isn't happening as many poor women are not able to access these rights. Their social development is therefore compromised. If resources that had been mobilized for big industries are shifted to the enterprise sector, it will create employment, raise income and economic growth will be stimulated by efforts from individuals.

Another school of thought argues that in most cases the structural context is such that individualistic empowerment is not enough. They are of the opinion that social development can be achieved if people in a local community jointly work together. This is called communitarianism and stresses on the need for empowerment of the communities (Midgley 1995). This is because people in the community are capable of organizing themselves to make sure that their needs are met, their problems solved and their chances for development are enhanced. In this way resources are jointly owned and managed by everyone and they take full control of all resources in the community.

The statist on the other hand believes social development can best be promoted by the government through specialized agencies, administrators, policy makers and planners. The interest of the society lies in the hands of the state as it is responsible for promoting the well-being of the citizens regardless of race, gender, age and social status (Midgley, 1995).

The present research will adopt the social development approach as a theoretical framework. Social development basically seeks to explain the different approaches that are used in different states to promote the well-being of its citizens. It represents a shift from the individualistic or neo-liberal approach to a statist or social democratic approach. The assumption is that the South African government has taken up the challenge to promote social development by supporting and encouraging the growth of the informal sector. By so doing, the South African government adopts both the statist and market based approach to social development. By using the statist approach it ensures that the SMME enterprises are supported by putting in place agencies, administrators and

opportunities for informal traders to pursue their business interest. The individual approach to development is also useful in this study as it focuses on individuals especially women and promotes their opportunities to operate in the market. These women get involved in survivalist activities for their own empowerment and individual goals.

2.2.2 Development as freedom

In ‘development as freedom’, Sen says that expanding the real freedoms that women have, is the primary end and the principal means of development. He further states that development requires the removal of ‘unfreedoms’ in women’s life. There are five main instrumental ‘freedoms’ which are interconnected, where deprivation of one freedom will result in deprivations in other freedoms, leading to poverty (Sen, 1999:3, 40). These include (1) *political freedoms*, (2) *economic facilities*, (3) *social opportunities*, (4) *transparency guarantees* and (5) *protective security*. These requirements help improve the entitlement and capability of women.

Political freedoms involves ideas such as democracy that includes the right to vote, the freedom to choose between diverse political powers, freedom of expression, freedom of press, as well as the ability to examine and condemn authorities. Women in the informal sector lack political freedom because they can not talk about their grievances and experiences for fear of being chased from their business areas. They are not given the space to make their voices heard in matters that concern them.

Transparency guarantees relate to openness and trust amongst different ‘parties’ or clusters. Sen (1999:40), states that transparency guarantees are an important aspect of development, as they “have clear instrumental roles in preventing corruption, financial irresponsibility and underhand dealings”. This instrumental freedom is good because it encourages openness amongst people, as well as accountability. The South African government through the ‘People First’ campaign, has created forums through which women could access local government and share their views or concerns. Similarly, the ‘Imbizos’ are forums that encourage ‘people to get involved in politics and other socio-economic concerns (UNDP South Africa, 2000). However the women in the informal sector do not know about the forums because information about such forums do not reach them. Poverty and lack of education limits their ability to access information from the internet or read flyers.

Where *economic facilities* are concerned, Sen (1999:39) argues that it does not simply relate to the income and wealth of a country, but also to the economic entitlements of families and individuals. Sen (1981:2) says that one's entitlement to assets essentially involve a person's ability to access things so that they can support themselves. For example, in order for women to engage in trade and the market, their entitlements can be trade, production and labour. A person's exchange entitlement is affected by their ownership bundle, where ownership bundles include factors such as employability, income earning capacity from one's own labour and production, access to resources and social security amongst others (Sen, 1981:4). The women in the informal sector cannot access financial resources thus the state must assume the responsibility of capacitating its people and strengthen their entitlements. One of the ways of doing this is through enhancing social opportunities. The more opportunities women in the informal sector have the bigger their chances of making their businesses grow thus enhancing their livelihood and capabilities and also those of their families.

Protective security are measures put in place to prevent people from being reduced to abject misery and in some cases even starvation and death (Sen, 1999:40). It is characterized by fixed institutional arrangements, such as social grants, pensions and 'ad hoc' arrangements like famine relief in the case of emergencies. Protective security (both public assistance and social insurance) is one of the most fundamental structures that a government has to put in place as part of a poverty reduction strategy. There are safety nets for women in informal trade but these women most often do not know how to gain access to them.

Social opportunities are arrangements made by society so that women enjoy their substantive freedom to access better-quality education and health care and access to food. Most women join micro enterprises because they lack social opportunities such as proper education and health care for them and their children. The lack of social opportunities affects their participation in economic and political activities. Sen (1999:39) states that these facilities are important because not only do they affect women's lives, they ultimately enhance effective participation in greater economic and political activities. For example, an uneducated woman will find it difficult to read and communicate, or engage adequately in political debates. A woman who is food insecure is vulnerable to becoming malnourished, and that will have adverse effects on her general health and ultimately affect her involvement in trade and the market.

The rationale of Sen (1999) development as freedom is that development should focus on improving the standard of living and quality of lives of women and the previously disadvantaged and marginalized communities. This implies that women should actively and voluntarily participate in development initiatives in their communities. According to Sen (1999), we live in a world trapped with deprivation, destitution and oppression. Problems such as poverty, elementary needs, widespread hunger, violation of political freedoms, basic liberties, extensive neglect of the interests of women and environmental threats are persistent. There are different kinds of freedoms in countering this problem. The freedom of agency which is the main factor to development can be constrained by social, political and economic opportunities that are unavailable to us (Sen, 1999). Women in informal trade have agency but their agency is limited by the social and economic opportunities available to them. Expansion of freedom is therefore viewed as both the primary end and as the principal means of development.

2.2.3 People centered development

This is a process by which people improve their personal institutional capacities to mobilize and manage resources in order to achieve a sustainable and equitable improvement in their quality of life which is also consistent with their aspirations (Korten, 1990). Based on this theory, women have the capability to decide for themselves what constitutes a better standard of living. Therefore this approach puts women at the centre of development by insisting that development should firstly be for women whereby the state, NGOs and private sector create opportunities for them and secondly by women whereby women decide for themselves what constitutes a better life and be active participants of development initiatives.

Korten (1999) argues that women should be responsible for their development and their communities; women should be in control of their own resources, have the ability to access information and hold the government officials accountable. However women in South Africa have been excluded and do not have the channels to hold their government accountable. The principles of People Centred Development are public participation, social learning, empowerment and sustainability (Korten, 1999). Sen's (1999) highlights that the inability of the women to participate in community based activities will lead to their experience of poverty in life. Participation therefore involves taking part in decision making, views and preferences. Women's opinions are voiced through participation in decision making, implementation of development

programmes and projects, monitoring and evaluation of development programmes and projects and in sharing the benefits of development (Swanepoel, 1997). People centred development could be used as a social learning process where women learn how to use their immediate environment to meet their needs and the needs of others. Empowerment on the other hand is about involvement and should take power, and the distribution of power, into account (Swanepoel, 1997). Sustainable development here means everyone is entitled to have equal access to development opportunities now and in the future through measures that safeguard resources.

2.3 Some historical perspectives on women and trade in South Africa

After the colonial period in South Africa, many women became involved in trade from which they were able to raise household income (Tsikata, 2009). The policies that existed in the past were gender biased. It was formulated in favour of men hence creating gender inequality in the country. As stated by Tsikata, (2009) the colonial bureaucracy allowed only men to access formal education and employment and most women were denied access to urban areas thus remained in rural areas controlled by chiefs. This circumstance led to the gender division of labour as women's activities were restricted basically to distribute services to male migrants and to set up informal businesses especially in the distribution of goods and services. These practices have continued even after the colonial period and have become strengthened by the continuing gender discrimination and growing informalization of work due to trade liberalization policies in South Africa (Tsikata, 2009).

The growth of the informal economy in the country after the colonial period was further exacerbated by the apartheid history of political and economic repression of black people and also from black entrepreneurial spirit (Lund, 1998). Apartheid policies of South Africa did not promote the development of the informal economy, it restricted opportunities for black South African entrepreneurs to establish and operate businesses and set up a bureaucratic process that discouraged the registration of small-scale economic activity (Skinner & Lund, 2003). However the post apartheid political and legislative changes in the 1990s paved the way for small-scale economic activity. This resulted in a massive influx of informal sector in the cities which the formal sector cannot absorb (Lund, 1998).

The majority of those working in the informal economy are women. They are dominant in the retail sector (Stats S A, 2009). The formal sector holds only 52% of women as compared to 74% of their male counterparts (Stats S A, 2009). The rise in the number of men in the formal sector can be attributed to a shift towards a capital-intensive production economy according to (Skinner et al, 2006). On the other hand Lund et al (2000) postulates that due to lack of skills, escalating unemployment and poverty, African women outnumber the male sex accounting for 42% compared to only 34% respectively in the informal sector. Some of these women in the informal sector actually produce the goods they sell and also retail goods made by others (Lund et al., 2000).

2.4 Some reasons for the dominance of women in informal trade

2.4.1 Women, culture, and sexual division of labour

Equal opportunity in a society will help to alleviate poverty and generate respect. This can become feasible only if both men and women are given equal opportunities in fields such as trade and other productive economic enterprises geared towards sustainable economic development that will lead to the socioeconomic progress of people and the nation (Bessie & Ekechi, 1995). The African society of today can be characterized as a society with very marked and distinctive gender behavior (Bessie & Ekechi, 1995), as particular roles and work are well defined to men and women in the community. Women are seen as care givers and bread winners of the family.

Some African societies have certain beliefs that lead to gender discrimination. For example women in some African societies must be seen as subordinate to their husbands and must play a very limited role in the day to day affairs beside their domestic duties (Ekechi, 1995). This division of labour especially in the economic field has led to a feminist conclusion that there is a direct relationship between the sexual division of labour and men's assumption of political and economic power over women (Ekechi, 1995). Although in most societies women are engaged with the activities of caring for their husbands and raising their children, it does not however, prevent them from creating opportunities that will generate income for themselves and bring about economic development (Bessie & Ekechi, 1995).

2.4.2 The influence of apartheid on women's economic activities

Many small-scale informal workers involved in retail businesses are women (McDade and Spring, 2005). This is because they are less educated, unemployed, poor and have no skills. In South Africa, a large number of women work as informal traders (Valodia, 2001). This is partly due to the effect of the apartheid law which affected many poor women. During this era, many of them were employed as domestic workers and had little or nothing to do with informal retail trade or micro enterprise activities.

During the apartheid era gender inequalities were enhanced as much attention was given to men at the expense of women who were left out of socio-economic and political activities that brought about development (Rolfe et al, 2010). In this light many women were left with no option but to get involved in entrepreneurial activities for survival. They faced a lot of obstacles and a general lack of support which it is believed resulted from the socio-cultural mal-practices and gender bias (Maas & Herrington, 2007). A study conducted Lund (1999) on women street traders in South Africa stressed high rates of unemployment among women in South Africa especially in rural areas. This study further found that most women had never worked while those who had the opportunity to work could only be employed as domestic workers. Most of these women had limited opportunities to acquire skills and could not choose the kind of job to do thus resulting in them being exploited (Lund, 1999).

2.4.3 Women and migration

Better economic activities have attracted millions of Africans in the cities with the aim to find jobs. South Africa which is the most developed country in Africa had more than 59 percent of the population living in urban areas in 2005 and this population is estimated to reach 64 percent by 2015 (World Bank, 2009). The increase in urban population means increase in unemployment with women being the most affected. This is because they cannot find jobs in the formal sector thus joining the informal sector. The sudden growth of cities in this country can partly be attributed to apartheid policies put in place between 1948-1994 restricting blacks to urban areas. Political changes of post apartheid South Africa open opportunities for women by inculcating them into the labour force. Such new opportunities lured them from rural areas into the big cities in search of better opportunities. This explains the rapid growth of informal self-employed jobs amongst women (Richard et al, 2006). Areas such as the Cape Flats outside CT which were

created by the apartheid government to provide shelter further attracted more rural migrants. These women migrants into cities most of which could not be absorbed in the formal sector employment first found work as street vendors as informal trade was the only economic opportunity available at that time (Cornwell & Inder, 2004). This has resulted in the growth of women street vendors in the CCT.

2.4.4 Poverty, inequality and dependence on female earnings

South African government though in its eighteenth year of independence is still battling with the challenge to overcome the problems of race, class, poverty and gender-based inequality. These are problems that government inherited during the periods of colonialism and apartheid and if successfully overcome will result in socio-economic development and growth, increase living standards, and empower the previously disadvantaged people, particularly women and the poor (Kehler, 2001). The Constitution of South Africa has policies aimed at promoting equality and non-discrimination to improve the standard of living of the historically disadvantaged, especially women and the poor but the implementation of these policies still remains a big challenge (Kehler, 2001).

Poverty, in its narrow definition, can be understood as the 'inability of individuals, households or entire communities to command sufficient resources to satisfy a socially acceptable minimum standard of living' (May, 2000:5). Poverty and inequality are conceptualised and measured in levels of income, consumption expenditures, housing standards, attitudes, needs and social conditions. Sen (2000), theory on social exclusion explains that poverty and deprivation are directly linked to the idea of social exclusion and that being excluded from social activities can lead to other deprivations that can limit women's opportunities for employment and credit facilities. When women's opportunities for employment are limited they end up using their agency for survival due to lack of education and resources.

The high rate of poverty amongst women in South Africa is attributed to the gendered division of household labour, the low value accorded to women's work and women's involvement in low-paid jobs. Although the position of some people from previously disadvantaged groups have improved, this improvement merely seems to indicate that the specific character of inequality is changing from being race-based to being class-based. However, the racial dimension of poverty

in South Africa is still profound, with income patterns highly skewed most especially among African women who have been worst affected by poverty (DTI, 2006). The effect of poverty on these African women is seen in their inability to access educational facilities that further reduces their entry into the formal sector thereby forcing them to become informal traders.

It is very important to recognize caring jobs as jobs that are crucial to human well-being and also to ensure that women's own well-being are not compromised by heavy and unequal workloads. Sweetman (2009) noted that this situation is not only unjust and unsustainable, but it also leads to a gradual impoverishment of families which are dependent on female wages. Some countries predict household poverty and inequality by looking at the extent to which households depend on female earnings even though women's wage and salaried employment are more irregular than men (Sweetman, 2009). Women are more likely to be employed in the service sector than men, and are likely to earn less than men for the same type of work, even in traditionally female occupations (ILO, 2004). Almost two thirds of women in the developing world work in vulnerable jobs as self-employed persons, or as unpaid family workers. In sub-Saharan Africa, this type of work accounts for more than 80 per cent of all jobs for women (UN, 2000). Due to the high rates of illiteracy and historical inequalities, South Africa is not an exception.

2.4.5 Women and unemployment

Although South Africa is blessed with a number of valuable natural resources which could be used to speed up employment and economic development, the majority of its population especially women still suffer from unemployment and in most cases have to look for alternative employments and means of survival particularly in the informal sector. This is so because majority of the women were given limited opportunities than men in terms of education during the apartheid era. Maas and Herrington, (2006) report that unemployment is persistently high in South Africa with an estimated two-thirds of young people between 18 and 35 years are unemployed. Sen's (2000:19), theory on social exclusion explains that unemployment involves the loss of skills and abilities or capabilities since women not only "learn by doing," they also "unlearn" by "not doing". Sen (2000) further explains that women who are unemployed do not have the opportunity to exercise their freedoms and make decisions for themselves thus depriving and socially excluding them from job opportunities.

One in nearly three black South African women is unemployed which explains that 27% or more than one in four black South Africans aged between 15 and 64 years old are jobless. The reason for this can be traced from the country's discriminatory policies which were designed to suppress the black majority. "Even though we're 14 years into democracy, we still have the historical legacy of economic imbalance whilst there is political power," said the expert from the Human Sciences Research Council in Pretoria (AFP, 2008: 64). Black women had little or no access to economic and educational resources and the least skills to allow them entry into broad economic participation thus leaving the majority of unskilled black women with no options but to become involved in trade and unskilled jobs in the low paying informal sector (AFP, 2008). Another explanation for high unemployment among women is the barrier that prevents them from entering informal activities such as lack of capital and entrepreneurial skills (Davies & Thurlow, 2009).

2.5 Informal traders and regulations

In the modern world, regulation is made up of the rules put in place and the systems set up by governments to regulate or influence the activities of businesses (SBP, 2008). Complying with regulations and administrative procedures necessarily entails costs for business most especially informal businesses. SBP found that even though owners of informal businesses have recognized the benefits of compliance such as access to credits, market, secure premises, they still fail to comply due to the complicated systems and high costs which represents a higher for SMEs than for larger businesses since registration fees are the same regardless of size of the business (SBP, 2008).

Although informal businesses mean exclusion from the regulatory systems, they are however affected by it as the cost of non-compliance is usually high and characterized by harassment (SBP, 2008). Their lack of compliance is usually limited by lack of information, time, money, institutional as well as organizational constraint because most of them rely on newspaper, friends and family for information and business advice regarding registration (Reinecke and White, 2004). A survey done by Reinecke and White (2004) shows that more than 60% of South African SMEs did not comply with registration requirements in 2001. In 2002, 88% of business owners had not registered any of their business (Foxcroft et al., 2002).

Harper (1994) found that tax incentives discriminate amongst SMEs as the majority does not pay tax. Large amount of taxes are required for payment which is harder for SMEs who have lower turnover and less capital on hand. Complying with tax is complex and time consuming (Rankin, 2006). VAT was seen to be the most time, and money consuming regulation among women informal traders in South Africa (SBP, 2008). South Africa differed from other countries as they are less willing to pay tax. In a survey conducted 30% of SMEs in South Africa had registered for tax in 2001 compared to 73% in other six countries (Reinecke and White, 2004). Women informal traders that do not comply with regulations will lack access to financial services, better social security for themselves as well as their workers and will not be able to create more employment over time.

2.6 Challenges and constraints to growth

Research studies have shown that women in the informal sector face a significant number of challenges many of which hinder the growth of their business activities. Some of these challenges will be discussed below. They are similar to those identified by the women informal traders in the CCT (CBD).

2.6.1 Age

Women are more likely to start businesses and trade at a later age. Child bearing and rearing is the major cause (Lund, 1998). Census done in Durban Metropolitan found that while men in the business sector were mostly between the ages of 21-30 women were slightly older between 41-50 years (Lund, 1998).

2.6.2 Marital constraints

Once married a woman assumes more responsibilities in addition to her business. These responsibilities coupled with an often inadequate support from her family may have an adverse effect on her business. The United Nations (2000) highlighted that in both developed and less developed countries women entrepreneurs are often home based due to multi-tasking roles or due to socio-cultural norms and attitudes that limits their mobility. They often have less time than men to pursue larger businesses.

2.6.3 Health Status

Many women enter into businesses late in life and most of them are having pressure due to marriage responsibilities. These increase their vulnerability to stress related illnesses like hypertension and diabetes. The condition under which they work can also contribute to stress. Lund (1998) sites that in South Africa there are extremes of heat and cold. More still other areas are plagued with water and sanitation issues. Depending on what type of business a person has, this may pose different health challenges. The health status of women in informal trade is poor and this hinders their ability and prevents them from leading the kind of life they deserve. Educated women are more aware of nutrition and are better informed about elementary health precautions than uneducated women.

2.6.4 Lack of business training

It has been reported that women who have been trained with business skills are in a better position to make more profit and sales since business training education determines the amount of income and sales made by traders. Training is not all about knowledge and skills gained. It is a continuous learning process coupled with the ability to acquire innovative ideas (Kristiansen et al., 2005). In South Africa, business training is a means through which women's capabilities and skills essential to start a business are being reinforced (Orford et al., 2004). A study of South African retail conducted by Strydom (2005) showed that only 18.8% of those studied had officially undergone business training. Insufficient financial management skills thus limit the growth of businesses. This therefore supports Maas and Herrington's (2007) argument that South African education and training should lay emphasis on entrepreneurial training to provide entrepreneurs with necessary skills to start and run businesses successfully.

2.6.5 Lack of access to finance

Insufficient capital to set up a business has often been a challenge and a barrier to growth of female entrepreneurs in both developed and the developing countries (Verheul and Thurik, 2001). Valodia (2002) found that a very important obstacle for women in trade is a lack of fund while other scholars have opined reported that South African women usually have limited or no access to capital (Verhoef, 2001). Lack of access to finance and credit facilities has resulted in uneven distribution of business ownership amongst men and women (O'Neill & Viljoen, 2001:39). It has been historically noted that the collateral requirements for institutions for South Africa and

perceptions of risk as well as political factors promoted the totally uneven distribution of loans to women (O'Neill & Viljoen, 2001:39). Many women involved in SME are quite often not aware of loan systems available (Lund, 1998). Many of the world's poor women are self employed in micro-enterprises and small business (United Nations, 2000: 118).

However, another study by Verhoef (2001) found that most women especially African women are still able to raise capital and have access to credit to start up small informal enterprise such as laundry and sewing services, small grocery shops, dairy shops from family members and through rotating savings called stokvel. Even though the income from women's small business are unreliable and small, they are still able to manage it efficiently and provide support to their families. A further survey conducted by Coetzee (1998) for smaller areas in South Africa found that the majority of women do not access credit, but instead made use of savings facilities rather than credit because they have only limited access to formal loan facilities.

2.6.6 Minimal education

Most women engage in this sector because of low education and employable skills. A study in Durban indicated that more women (14%) than men (8%) have no schooling (Lund, 1998). This shows that there is a relationship between poor education and being in the survivalist sector. This is because minimal education prevents the majority of women from directly enjoying the benefits of a growing formal sector. Muiruri (2010) blames this trend on gender imbalances inherent in the patriarchal society arrangements that tilts in favour of men in the education, skill acquisition and consequently employment.

General lack of education at all levels will negatively affect female entrepreneurs' income. The educational talent of women will influence and determine their success in setting up a business and the eventual growth (Orford et al., 2004). Education as earlier said reinforces the women's capabilities and skills. Therefore, women with no basic education are unlikely to have managerial skills to enable them become successful retailers.

2.6.7 Lack of information

Insufficient market information drastically slows down the growth of African markets. Most traders usually have no official information about the market thus have to rely on friends and fellow competitors market information which in most cases is unreliable or faulty. It complicates

relations among traders in a competitive environment with too many operators and too many goods. It also leads to market saturation and the unproductive circulation of goods across borders, since traders tend to market what is already being sold by other traders (Morris and Saul, 2000).

2.6.8 Access to infrastructure

Research conducted in South Africa indicated that there is lack of access to normal infrastructure and this has caused most of the problems faced by woman in the informal sector. In particular shelter against the sun and rain features consistently as a priority, as do water, sanitation and access to storage facilities (Lund, 1998:35). With regard to shelter, in the Johannesburg CBD, only two out of every ten of vendors (21%) had cover. In Durban, more men than women traders had covered stalls - 33% compared to 19% (Lund, 1998:35). The majority of traders in the Durban area did not have water, electricity, or refuse removal, but nearly seven out of ten (68%) did have access to toilets facilities (Lund, 1998:35). The need for better access to infrastructure is also recognised in the White Paper of Department of Trade and Industry (1995:32).

Another study showed that 86% of the participants of the study were not aware of any additional infrastructure for women traders since 1995. It indicated that in the rural areas the men and women were equally affected but the position of women was further compromised by their inability to own landed properties (ONeill & Viljoen, 2001).

2.6.9 Competition

The struggle to survive in the informal sector has led to intense competition. This has squeezed the profit margin in a context where declining real incomes decreases the purchasing power of urban consumers for goods and services from this sector thus affecting women more than men (Taylor & Mackenzie, 1992:10). Women are therefore likely to become more involved in less profitable businesses compared to men because of lack of access to capital and material resources (Taylor & Mackenzie, 1992:10).

The United Nations (2000:124) stressed that women tend to predominate in businesses with few entry barriers (food and craft) which due to fierce competition, have low profitability and limited growth potentials.

2.6.10 Crime and harassment

A number of studies site crime as one of the most important concerns of street traders as there is a high rate of crime and violence in South Africa. According to Nair (1996) the highest problem for men and women traders is crime. In the Johannesburg CBD, 12% of the street traders interviewed had been exposed to a dangerous or life-threatening situation in the previous year while at work - more than half of these (55%) had been robbed, one in 10 had been assaulted (Lund, 1998: 35). There was surprisingly little difference between women and men traders, except that men had experienced more robbery and assault.

In the Durban metropolitan area, traders were asked which of a whole series of problems was the biggest obstacle faced by the business (Lund 1998, 35). They reported that theft and criminal violence were felt as a very serious problem by both women and men traders, but more so by women than by men (Lund 1998, 35). The effect of crime and violence on women is different from men. Women are more vulnerable and may retreat rather than respond aggressively. Women in Khayelitsha were closing their businesses early on a Friday because they feared being harassed by drunken men and gangsters (Lund 1998, 35).

2.6.11 Expertise skills

O'Neill and Viljoen (2001:42) outlined barriers to entering the business world by female informal traders as, among others, the lack of business experience and training as well as lack of management skill.

Lund (1998:29) also stressed that women are pushed into the informal economy in South Africa through need rather than by choice. These women are far more likely to have never been employed or if ever employed they worked more as domestic workers and not in the formal sector.

It was also found out that most African business women lacked financial management skills, marketing, innovation, planning and organization (Mazibuko & Struwig, 1993:70). These women therefore require training and support as indicated by the White Paper of Department of Trade and Industry (1995).

2.6.12 Sales of perishable goods

The most observed gender divide was marked in the type of goods sold and services offered by men and women in the informal sector. While women were noted to have dominated in less lucrative trading activities such as sales of perishable goods like vegetables, flowers fruits, that is non-water resistant products, men dominated in the sales of higher value non perishable goods such as electrical equipments and accessories. Trade in clothes which is comparatively lucrative attracted both men and women either men having higher volume of stock (Muiruri, 2010).

The choice of men and women to trade in different products can be explained as the differences in level of access to capital and economic networks by women and men. A study conducted by Mitullah (2003) noted that women informal traders earned less income than men when they are in the same commercial activity. This is because most men have the ability to diversify their stock while women have limited goods because of their domestic chores (Mitullah, 2003).

2.7 Existing Policies and Legislations

In the past years women have become increasingly disappointed with the role of the state (Hames, 2006). This is because the government offers more support opportunities to large businesses owned by men while its policy neglects the survival of small business where more women in the informal economy are found (Valodia, 2002). Gender aware policies and planning are important tools which can improve women's condition if they are well implemented. Quite often these existing policies are gender-blind, lack the political will and authority to initiate its implementation and fail to promote gender equality and address the root causes of gender inequality in South Africa (Taylor, 1999).

The Employment Equity Act of (1998) has been an important means of establishing organized workers rights. It however excludes a large number of informal workers the majority of whom are women in the informal economy (Valodia, 2002). This Act does not have a positive impact on vulnerable workers in the informal sector nor the unskilled and unemployed workers on the periphery of the formal economy since it applies only to larger firms (Valodia, 2002).

Skill Development Act established a system of Sector Education and Training Authorities (SETAs) and the National Skills Fund which both proved inadequate to service those working in

the informal sector as SETA only prioritized the needs of the formal economy that could pay for skills levies (Devenish & Skinner, 2004).

The inability of women to challenge the discriminatory policies of social institutions ranging from family to the state render them marginalized in the informal economy (Sweetman, 2005). The availability of very limited legislation in the informal economy to protect women has raised the interest to examine whether female informal traders have as much opportunities to trade as their male counterparts given their domestic tasks and cultural role in the society.

2.8 Existing support systems for women informal traders

SMMEs play an important role in providing employment opportunities, and thus contribute substantially to poverty alleviation (DTI, 1995). The South African government has therefore entrusted the DTI with the responsibility to coordinate the implementation of the government's policies and strategies to support the SMMEs mapped out in the White Paper (Skinner et al, 2006). The White paper found that most of the survivalist enterprises were run by people who could not find jobs and comprise of large population of women. The White Paper supports the growth of women in this business sector by proposing a variety of support strategies for them (Skinner et al, 2006). In September 1995 the DTI set up the Centre for Small- Business Promotion to support SMMEs at the national, provincial and local all levels of government (O'Neill & Viljoen, 2001). These support programmes are;

2.8.1 Khula Enterprise Finance Limited. This company was founded in 1996 with the mission to ensure improved availability of loans and equity capital to SMMEs. A subsidiary of Khula, namely Khula Institutional Services, identified specific financing problems among rural women and subsequently launched the Khula Start and Micro Start programmes in 1998 to promote delivery of micro credit to rural women and the poor. These loans range from R300 to R3 500, and 70% of the loans were to go to women (DTI, 2007a). Khula Capacity Building is also involved in the training of both male and female retail financial intermediaries.

2.8.2 Ntsika Enterprise Development Agency. This agency was founded in 1996 to focus on services such as entrepreneurial and business training, business linkages, and policy and information research. Local business service centres would provide counseling and basic training services as well as business development services that concentrate on setting up manufacturing

technology centres. Ntsika has pledged its special support for women's enterprise initiatives (DTI, 2007b).

2.8.3 Manufacturing Advice Centres. They offer special advisory services to SMMEs to enable them improve and increase their levels of production and become competitive at all levels in the market (Skinner et al, 2006).

2.8.4 Small Enterprise Development Agency (SEDA). This is a national initiative that aims at opening offices in every municipality to offer business advice, give training in key areas such as advertising, bookkeeping as well as writing of business plans. SEDA aims to develop skills and tools that can encourage growth in the SME sector and much of their assistance is given through vouchers to service providers (DTI, 2006).

2.8.5 Umsobomvu Youth Fund (UYF). This is a national initiative that promotes entrepreneurship, skills development and job creation for youth aged between 18 and 35 as well as women over 35. This is done through offering training, micro finance and youth advisory centres. UYF also has an extensive voucher programme where business owners gain training from their service providers (DTI, 2007c).

Although measures have been taken by the South African Government to support small business, Mlambo-Ngcuka (2006) argues that such measures have proven to be less satisfactory and the government continuously makes structural changes to the support systems. A survey conducted by GEM in 2004 showed that SME are either unaware or do not make use of the services offered by the government (Goldstuck, 2004). GEM also found out that the SMEs that made use of the support systems were all dissatisfied with the quality of the support. The public must be informed of the available programmes, grants, projects and initiatives (Goldstuck, 2004). For support systems to be effective and efficient there is the need for public awareness and this can be achieved through the use of modern communication networks such as pamphlets, community centers, media, advertisement, internet etc.

2.9 Conclusion

This chapter has discussed a brief history of the way political and economic control of the previous South African government had rendered women poor and pushed them into joining the

informal economy. Through the use of existing research that has been carried out on the topic this section has managed to explain the challenges women face as informal traders. Some theories of social development, People Centred Development and Development as Freedom have been explored to show their integration with the activities of these women. Also an overview of existing policies and legislations regarding micro enterprises followed by existing support systems for women informal traders have been examined.

The following chapter provides a layout of the research design and methodology that was used in this study.

University of Cape Town

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

The South African government has provided a variety of support systems to support SMME sector. The aim of this research is to identify challenges faced by women involved in informal trading in the CCT, identify existing support systems for such women and explore their level of awareness of these support systems.

Having presented the literature review of this study, this chapter focuses on the methodology. In order to achieve the aims of this research the researcher adopted a qualitative research design. It also explains the research methodology and how data was collected and analyzed. The ethical considerations that guided the process of the dissertation are discussed. Attention is paid to the limitations of the study discussed according to the sampling technique, data collection method, data recording and the research venue.

3.2. Research Design

De Vos (2005) explains that a research design serves as a detailed plan of how a research study is going to be conducted. This study adopted a qualitative exploratory design to explore the experiences of select women informal traders in the CCT. As defined by De Vos (2005), a qualitative exploratory design focuses on the meaning, experiences and understanding of people and is often adopted when exploring the perceptions of respondents about a particular topic. The researcher finds this design helpful in exploring the opinions, beliefs and attitudes, behaviors and motivations of the participants. The design is more appropriate than a quantitative design because it provides valuable interaction with participants and allows a better understanding of participant's perceptions and interpretations of their own life experiences as entrepreneurs. In order to understand the participants' subjective feelings and experiences, the researcher needs to put herself in their shoes. Therefore this design allowed the researcher to foster a relationship of trust and understanding with the participants. They had an opportunity to elaborate on their experiences and the reasons behind their responses to the challenges and support systems. This

approach was seen as empowering since it provided the women with the space to share their views and to have a ‘voice’.

3.3 Research methodology

Gaining permission

First, the researcher visited the women selling flowers at Adderly Street and curios at Green Market Square to obtain permission. The researcher introduced herself as a student from the University of Cape Town interested in carrying out a research on women informal traders only. The researcher clearly stated that only those who are not registered and do not pay taxes will be considered as informal. Some of these women then identified themselves as informal traders. The issue of confidentiality was clearly explained to the respondents. The researcher and respondents both agreed on a convenient date and time for the interviews. The respondents as well informed the researcher to expect interruptions during data collection process as they would be attending to their customers.

Sampling

Research population

Population in research refers to the totality of persons or human units from which a sample is drawn in order to study a particular research problem (De Vos *et al*, 2002). The research population consisted of women informal traders in the CCT (CBD – Adderley St, Green Market Square and the Taxi Rank at the Grand Parade).

Sampling framework

In this study, participants were identified through sampling and selection was done through the non probability purposive technique. Purposive sampling allowed the researcher to make valued judgment about those subjects who have characteristics that are relevant to the research population (De Vos *et al*, 2002). Non probability sampling made it possible to select those respondents who could provide rich, reliable and in-depth information that was needed for the study (Babbie & Mouton, 2005). Eighteen participants were chosen because they met the criteria for the study. All research participants had to be women, they must own their enterprise, must have been involved in the informal business sector for at least 2 years, must trade within the CCT

CBD; and be of age 30 years and above. Where difficulties arose in identifying other subjects, snow ball sampling technique was used.

3.4 Data collection method

Face to face in-depth interview was conducted as a method for collecting information. These were individual interviews in which every participant could feel free to tell their story without the discomfort that might be experienced in a larger group, especially when sensitive issues arose. Interviews were conducted in English as was the only means of communication between the researcher and participant. Each interview lasted for at least thirty minutes. Through these interviews the researcher was able to get detail information and clarification by probing. In addition, the researcher was able to establish rapport and gain the cooperation of the participants through the use of this method of data collection (Creswell, 2008). Further, this method was adopted because it made it easier for the researcher to record the context of the topic and also provide a platform to guide the participants through the answers. The face-to-face interview also gave the researcher higher control over the interview situation.

Data collection tool

A semi-structured interview schedule was used to collect data in this research. The semi-structured interview schedule focused on the three main research questions listed in chapter one. These were developed for use by the researcher to enable key informants to provide in-depth analysis on the topic. According to (De Vos 2005), semi-structured interviews enable the researcher to gain the picture of participant's perception of the topic. Brown and Dowlin (1998) pointed out that interviews enable a researcher to explore issues that are difficult to understand in detail. The researcher was personally engaged in the collection of data, provided clarification and probed the participants where necessary.

Data collection hardware instrument

A tape recorder was used to collect data only with the consent of the respondents. A full recording of the interviews between the researcher and the respondents was done and the tapes were later transcribed for analysis (De Vos, 2005). The use of tape recorder gives the researcher enough time to focus and concentrate on the interview. Pen and paper were also relied on for

writing extra notes from the interviews. This enabled the recording of non-verbal cues, such as a smile, laughter and shrug, which could not be captured on a tape recorder.

Data collection venue

All interviews were conducted on participants business sites based on appointment. The interviews were done in between the participants' activities because most of them run their businesses seven days a week. Therefore there were interruptions as envisaged and agreed upon before the commencement of the interviews.

Sources of data

Primary data source were the women informal traders located CCT (CBD). They provided different information based on their knowledge of existing support systems and their challenges depending on their business type, site and business product.

3.5 Data Analysis and interpretation

Transcription and confidentiality

The researcher transcribed interviews word for word. These transcribed notes formed the bases of the report. They were read only by the researcher and treated as confidential material which was later destroyed. In the transcripts, participants name were replaced with letters of the alphabet according to the order in which they were interviewed to avoid disclosure of identities.

Since interviews were conducted during working hours, some background noise was captured. In such instances, the researcher made notifications in the transcript. Other names that the participants mentioned in the course of the interview were replaced with numbers to ensure confidentiality.

Data analysis strategy

Data analysis in this research was practical and use is made of an adaptation of Tesch's steps in coding and collecting data (Tesch, 1990 as cited in De Vos, 2002). These steps include;

- All interviews were transcribed and analyzed by the researcher.

- During the analysis labels were accorded to various texts in an effort to understand the underlying meaning in relation to the objectives of the study. This was done at the margin of the transcripts.
- Themes, categories and sub-categories were then generated from the text with the use of colour kokis (highlighters).
- The main themes, categories and sub-categories were revisited to ensure that they reflect the main objectives of the study.
- Further refinement of coding was done in order to arrive at coding framework that made sense of the data.
- The findings were written up using the coding framework as a guideline.
- Actual codes were used to illustrate the themes/categories/sub-categories and these codes were linked to various authors in the literature review.
- The researcher added her critical commentary in the discussion.

3.6 Limitations to the study

3.6.1 Limitations of the research sampling

The conclusions in the present research are in relation to responses gathered from a restricted area thus cannot be generalized. Also the use of non-probability, purposive sampling means that findings from the study could not be generalized to the entire population and was therefore not a representative of the entire population. The researcher focused only on women informal traders in public areas while those trading in their homes were left out. The experiences of these business owners from two different sites would probably be different if they were all included. Babbie and Mouton (2005) explained that the disadvantage of this type of sample is that the sizes are commonly too small to allow the research to generalize data beyond the sample selected for the specific data. Therefore the researcher feels that data saturation will not been reached.

3.6.2. Limitations of the data collection method

The use of a semi-structured interview guide was time consuming so that respondents sometimes got tired of answering questions and some lost interest (Mugenda and Mugenda, 1999). This meant inaccurate responses which lead to inaccurate data. The use of face-to face interviews to collect data was a limitation because participants were interviewed once and might respond just

to impress the researcher since they were not familiar with the researcher. Through this means participants were not willing to share sensitive information.

3.6.3. Limitations of the venue

The interviews were conducted at public business venues during working hours. This was a challenge because customers needed the attention of the participants, there was background noise and the presence of other people which might have influenced the information the participant was willing to share.

3.6.4. Limitation of the data recording

The use of an audio tape recorder was a challenge with regards to capturing and transcribing non-verbal gestures during the interviews which could affect the validity of the data. The use of the tape recorder could as well make the participants feel uneasy and this could slow down the interviewing process or influence the interview.

3.7 Ethical Considerations

3.7.1 Avoidance of harm

The researcher informed the participants about the research process and the possible impact of the research so as to avoid harm be it physical discomfort, emotional stress or embarrassment of the participants (De Vos, 2005). Respondents were advised to notify the interviewer or withdraw from the interview if they did not feel comfortable with any question asked.

3.7.2 Informed consent

The researcher obtained direct consent from the participants to ensure that no participant was forced, deceived, threatened or subjected to any form of coercion (Babbie and Mouton, 2005). Participants were given accurate and complete information of the research which included the aims and procedure of investigation, the benefits of their participation and their decision to participate will be voluntary (De Vos, 2005).

3.7.3 Deception of subjects

The researcher informed the respondents of the methods and instrument she would use to collect data. She also explained to the respondents the importance of using the tape recorder and that was

agreed by all respondents. Deception according to De Vos (2005) is the deliberate misrepresenting of facts and intentional misled of participants. Deceptions sometimes are not foreseen and the researcher must discuss with the participants as soon as unintentional deception occurs (De Vos, 2005).

3.7.4 Violation of privacy/anonymity and confidentiality

The participants' right to privacy and their identity were protected. Secondly precaution was taken to protect their anonymity (Babbie and Mouton, 2005). The participant's names were not disclosed. All findings of the research were kept confidential thus adhering to this ethical consideration.

3.7.5 Debriefing of respondents

At the end of every interview respondents were debriefed to remind them of the confidentiality of the research (De Vos, 2005). This was to enable participants work through the experience of the investigation and the researcher helped to reduce any possible harm to the participant (De Vos, 2005). This gave the opportunity to the researcher to rectify any misconceptions the participants may have had that arose during the process (De Vos, 2005).

3.7.6 Release of publication of finding

The findings of the study will be released and made known to the public in written form (De Vos, 2005). The findings of this research will be made known to the Department of Trade and Industry and the City of Cape Town.

3.7.7 Reflexivity

The researcher strongly feels that women informal traders are facing a lot of social-economic challenges. However, because they do not comply with government registration requirements to become formal traders, they may be less likely to reveal valuable information that is needed for the research and also what is really happening on the ground. The issue of being a foreigner also awakes prejudice towards the researcher and limits the amount of information that she expects from the participants. All in all, the researcher is expecting to gain some skills on how to administer face to face interviews and therefore the study is seen as an opportunity and a learning process for the researcher.

3.8 Conclusion

This chapter has justified the choice of the research design and has described the research methodology. A qualitative design was used to gather data with the use of in-depth interviews. The research methodology that guided the process of this dissertation includes the sampling framework, data collection processes and data analysis strategies. The methodology was further guided by the use of qualitative data to show how participants understand their experiences. Data was analysed with the use of codes. Some ethical considerations have been discussed as well as the limitations that presented some challenges for the researcher.

The following chapter contains an analysis of the findings from the case study, especially those that are in line with the research objectives.

CHAPTER FOUR

RESEARCH FINDINGS

4.1 Introduction

This chapter presents the data analysis and findings that emerged from the research sample. The sample consists of 18 South African women informal traders in the CCT (CBD). The findings will be discussed in relation to the main research objectives which are to identify challenges faced by women involved in informal trading in the CCT. It will also identify existing support systems available to them and explore their level of awareness of these support systems.

To attain these objectives, the first section of this chapter will commence by briefly profiling the 18 participants and their entrepreneurial activities as shown in table 1. The profile will include their race, age, marital status, level of education, business type, business venue and years in operation. It will proceed with a framework for analysis in table 5 consisting of themes and categories formulated from reading the interviews of the transcripts. This method was adopted in accordance with Teschs (1990) framework as discussed in chapter 3. An analysis of the research findings is drawn from Amartya Sen's theoretical framework (capability approach) in response to the main research objectives. These objectives are to identify challenges faced by women involved in informal trading in the city of Cape Town, to identify existing support systems for them and to explore their level of awareness with regards to existing support systems.

Table 1: Profile of Respondents

Sample	Respondent (R)	Ages	Marital Status	Race	Education Matric +	Business Type	Years of Operation	Business Venue
1	A	33	Married	Coloured	no	Flower	15	Adderley Street
2	B	36	Single	Black	Matric	Jewelry	3	Green Market Square
3	C	36	Single	Black	Matric	Curios	2	Green Market Square
4	D	38	Married	Black	National Diploma	Clothing	2	Cape Town Taxi Rank
5	E	39	Divorced	Coloured	no	Flower	21	Adderley Street
6	F	40	Married	Coloured	Matric	Flower	15	Adderley Street
7	G	41	Single	Black	no	Curios	15	Green Market Square
8	H	42	Divorced	Coloured	no	Clothing	15	Cape Town Taxi Rank
9	I	43	Single	Coloured	Matric	Clothing	22	Green Market Square
10	J	43	Married	Coloured	no	Flower	6	Adderley Street
11	K	47	Married	Coloured	no	Flower	15	Adderley Street
12	L	48	Married	Coloured	no	Flower	25	Adderley Street
13	M	49	Single	Coloured	Matric	Jewelry	2	Green Market Square
14	N	53	Married	Coloured	no	Clothing	18	Green Market Square
15	O	54	Divorced	Black	no	Curios	13	Green Market Square
16	P	54	Married	Black	no	Curios	6	Green Market Square
17	Q	56	Married	Black	no	Pottery	8	Green Market Square
18	R	59	Married	Coloured	no	Kitchen Utensils	25	Cape Town Taxi Rank

4.2 Demographic Profile

As shown on the above table, eighteen women participated in the research. They comprised of seven blacks and eleven coloured. These designations (African, Coloured and Asian/Indian) were used as racial categories by the apartheid government. They are still in use today to ensure equitable distribution of resources. The geographical location covered in the present area of study is solely dominated by women of these two races. The youngest of them is thirty three and the oldest is fifty nine. Furthermore, 55% of the women are married, 17% divorced while 28% are single women. They are all women and are sole bread winners of their families. Educationally, 67% of the women are without matric qualification, 28% had matric qualification and only 5% attained and had post matric qualification.

The predominance of black and coloured women in the sample as already indicated might be attributed to the apartheid regime. Valodia (2001) is of the opinion that the segregated nature of that regime is responsible for the high level of poverty amongst women of these races. This is because apartheid did not give women the opportunity to access educational facilities that could enhance their capabilities. The lack of capabilities means limited access to economic facilities and thus increases the level of poverty amongst black and coloured women.

4.3 Business Profile

This section describes the business profile (category) of the participants. It presents a brief explanation of business activities in which the respondents were involved in during the research process. Based on the data collected, the participants' business profiles have been further sub-divided and analyzed using the following sub-categories; business variety/product traded, business venue, number of years in operation and working hours.

- **Business variety**

The researcher wanted to find out the different types of businesses the women informal traders who took part in this study are involved in. This information was vital to have a better understanding of the common types of informal trading activities majority of women in the informal trade are involved in around the CCT CBD.

Table 2 Business Product

Business Product	Number	Percentage
Flowers	6	33
Curios & wooden craft	4	22
Clothing	4	22
Jewelry	2	11
Kitchen utensils	1	6
Pottery	1	6
TOTAL	18	100%

In this research, 33% of the participants involved in the research are trading in flowers; another 22% are involved in the trading of curios and wooden craft. This confirms the literature that indicated that most women tend to predominate in businesses where there are little or no barriers to entry like craft production (UN, 2000). Twenty two percent (22%) are involved in trading of clothing; 11% involved in the trading of jewelry; 6% involved in the trading of kitchen utensils and another 6% involved in the selling of pottery. Most of their products such as jewelry, clothing and pottery were made by them. Lund et al (2000) confirm that some women in the informal sector actually produce the goods they sell and also retail goods made by others. That could be the reason why most women resort to such ventures.

All the respondents got into the business because their families were already involved in the line of business. They joined the informal sector because it was difficult and impossible for them to get integrated into the formal business sectors. Furthermore, they found it easier to learn from their parents or family members by giving a helping hand in their respective family businesses. This information shows that these women were denied the social and economic opportunities to achieve their aspirations. This resulted in them being marginalized and affects their participation in the economic and political activities.

- **Years in operation**

Table 3: Years in operation

Years in Business	Number	Percentage
0-5	4	22
6 - 10	3	17

11 - 15	6	6
16 - 20	1	33
21 - 25	4	22
TOTAL	18	100%

Out of the eighteen participants who had established businesses in the CCT, four had been running the business for 21 years and more i.e. 21–25years. Six participants had been in operation from 11-15 years; one participant 16-20years, three participants for 6-10 years and finally the remaining four participants had been in business for less than 5 years i.e. 0-5 years in operation.

The numbers of years these participants have spent in their businesses determines their choice of product, demand for that product, their level of expertise and the level of patience exercised regardless of the different challenges they encountered. This sometimes can become a crucial factor in determining whether a business sinks or floats especially in times of trouble. According to Mass and Herrington (2006), businesses that have operated for three months to less than five years are new businesses thus the level of expertise will be lower than those that have been in operation for five years and more. The later are considered established businesses and should have high expertise levels.

- **Employees/helpers**

Eight participants are sole proprietors and operate their businesses single handedly. The reasons advanced for this was that of low profit margins inadequate to support their families and an extra hand. However, one participant had 6 full time employees, three had 2 employees each, four of them had 1 employee each and one participant had 1 employee and 2 helpers while the last one participant had 2 helpers. Those participants that had one or two employees said they would have loved to employ more people but are prevented by their limited resources such as finances. This is what two participants said:

“I don’t want to...there’s no money to pay somebody”.

“I wish I could. I wish I could empower somebody or just give somebody also a job to do you know”.

- **Business venue**

Table 4: Business Venue

Business Venue	Number	Percentage
Green Market Square	9	50%
Adderley Street	6	33%
Taxi Rank	3	17%
TOTAL	18	100%

The location of a business is very important as it is a good determinant of access to customers or good sales and vice versa. It also determines the vulnerability of these women informal traders in the CCT to other ills like theft, harassments, weather conditions, and its impact on suppliers.

Nine participants (50%) at Green Market Square rented business venues owned by the Cape Town City Council at R400 a month. They rely profoundly on tourist for sales particularly in the summer season with the good weather conditions. The other six (33%) participants are located along Adderley Street and their major consumers are local people, hotels, offices and restaurants. The remaining three (17%) participants located at the Taxi Rank each own a rented container. They pay a monthly fee of R1050 to the Intersite (a rental agent). They also rely on locals for their sales most especially Xhosa men and Women.

“It’s only tourists who buy our stuff”.

“Locals, local men and women”.

“We rely on South Africans especially Xhosa men and women”.

What was interesting about the business venues was that those at the Green Market Square had similar products to sell. This includes craft items, wooden craft which they call curios, handmade jewelry and African fabric to attract tourists. The women at Adderley Streets were all selling flowers while at the Taxi Rank the ladies sold clothing and kitchen utensils. This shows that the use of space in the CBD is dependent on the type of business activity and as well as the rentals. Designated spaces allocated by the

CCT means that the informal traders have to pay rents and be approved by the CCT.



Picture 1: Flower market at Adderley Street



Picture 2: Jewelry market at Green Market Square



Picture 3: Curios Market at Green Market Square

- **Working hours**

The number of days and hours put in their businesses varied among the participants. This depends on their level of commitment and desire for profit and growth. Twelve participants reported that they work 6 days a week with one off day to rest and cater for their families. Five participants said they work 7 days a week because they make extra sales when others are absent. Only one participant works for 5 days a week with Saturdays and Sundays reserved for church and obligations. Out of the eighteen participants 9 of them spend ten hours or more daily on their business venues while the other 9 spend between 6 and 9 hours a day. This confirms a finding by Western Cape Provincial Treasury (2007) that informal sector workers tended to work longer hours on average compared to formal sector workers.

- **Uses of Income**

The profit made from sales is either ploughed back into the business or used for either personal or family upkeep. The low profit margin does not allow for any savings meaning

their endeavors are survivalist activities rather than profitable businesses. They all depend solely on their small business capital as a result they work as hard as they can to stay in the business while meeting some of their basic personal and family needs and demands. A study by Verhoef (2001) found that most women especially Africans are still able to raise capital to start up small informal enterprise. Even though the income from women's small businesses are unreliable and small, they are still able to manage it efficiently and provide support to their families. This is supported by Bessie & Ekechi (1995) who state that although in most societies women are responsible for caring for their husbands and raising their children, it does not hinder them from creating opportunities that will generate income for themselves and bring about economic development. This is because women are seen as vital forces in economic development.

4.4 Framework for Analysis

Table 5 below presents the strategy that was used in analysing the qualitative data collected. The questions that were posed helped to bring to light different themes and categories. These themes and categories were analysed within Sen's theoretical framework (Capability Approach). The primary concepts of the capability approach are functionings and capabilities. Sen's concept of functioning refers to the various things a person may succeed in "doing or being" (Sen, 1999:75). That is a person's achievements in terms of well-being while capabilities refer to a person's real or substantive freedom to achieve such functionings (Sen, 1990:73). These include (1) *political freedoms*, (2) *economic facilities*, (3) *social opportunities*, (4) *transparency guarantees* and (5) *protective security*.

Table 5: Framework for Analysis

THEMES	CATEGORIES
4.5 Lack of individual capabilities as barriers to entrepreneurial development.	A. Level of education (basic) B. Level of training C. Knowledge D. Deprivation in health, income, education and assets results in poverty
4.6 Lack of social opportunities	A. Family support B. Limited access to training in areas such as business skills, and other basic education and vocational training C. Faith based emotional support systems
4.7 Lack of economic facilities	A. The challenge of accessing finances for informal trade B. Limited access to business required infrastructure C. Types of products that are sold D. Inability to market their products E. Competition from peers due and large retailers
4.8 Lack of transparency guarantee and accountability	A. Lack of information B. Government regulations particularly on how public space is regulated
4.9 Lack of protective security	A. Crime including violent crime, shop lifting
4.10 Lack of political freedom	A. Lack of freedom of expression and participation in decision making

4.5 Lack of individual capabilities as barriers to entrepreneurial development.

A. Level of education

The rationale for finding out about their educational status was to determine how it influences the decision making of women and also their ability to properly manage their businesses. This is important in reading and writing contracts, financial transactions and other challenges that required basic skills. From the research findings 67% of the participants interviewed are without matric certificates; 28% had matric qualification and only 5% attained and had post matric qualification.

“... because I didn't manage to go enough to school... I left school at grade 11”.

“Form two yeah grade 8 or 9”.

“I never went to school”.

A significant proportion of the research sample did not attain tertiary education. This limited their competitive edge in the formal sector. The low educational standard can be attributed to the discriminatory policies implemented by the apartheid regime. These policies rendered families vulnerable and susceptible to poverty hence their inability to pursue any kind of educational careers. In Durban, it was found that more women (14%) than men (8%) have no schooling (Lund, 1998). Sen's (1999) concept of development is based on capability. This is the ability and potentials to do and to be (functionings) which underlie the human development concept. Sen stresses that there are basic capabilities that women in the informal sector need to function even at minimally acceptable level. One of this is their abilities and opportunities to be literate. The low educational levels of these women in CCT limit their ability to manage their businesses properly and participate in the formal sector. The educational talent of women will influence and determine their success in setting up a business and the eventual growth (Orford et al., 2004).

B. Level of training

In South Africa, business training is a means through which women's capabilities and skills essential to start a business are enhanced (Orford et al., 2004). Women who have

undergone formal training in business skills are in a better position to make profits and sales since business training education determines the amount of income and sales made by traders. The research found that all (100%) of the participants had no formal business training.

“I didn’t have any training”.

“No, no training only here in the market”.

Training is not only about knowledge and skills gained but also the will to learn and obtain new ideas (Kristiansen et al. 2005). However sixteen participants had gained some business experiences through assisting their parents when they were young while 2 of them (11%) had no experience.

“Well, I was about 8 years old and my granny use to work here and uhm and then we use to come and help her every weekend after school”.

“I come and work for my aunty selling flowers here”.

“I did not have experience”.

“No experience nothing”.

Lack of training and proper business experience means lack of capabilities amongst the participants to manage and plan their businesses efficiently. This can limit their entry into the business world and affect the effective running of their businesses. O’Neill and Viljoen (2001:42) outlined barriers to entering the business world by female informal traders as among others, the lack of business experience and training.

C. Knowledge

It is very important for entrepreneurs to have a good knowledge of the type of business they are running and also how to sustain their businesses in times of crises. This has to be knowledge about the product, how to manage it, where to buy and sell and for whom to sell to. All the participants in this research had a good knowledge of their type of businesses prior to entry. They knew where to buy their products. For instance those

selling flower get it from Johannesburg, those selling curious and wooden craft got them from wholesalers in CT, Kitchen utensils are bought in CT and clothing are bought in Bellville CT. Those selling jewelry and pottery make their own products.

“We order from Johannesburg”.

“There is a wholesaler her”.

“Am doing by myself and I also teach others”.

These participants are located in the CCT (CBD). This is the centre of attraction for locals and tourist because of the shopping malls, businesses and activities that are located there. They reported that their major buyers are tourists and locals.

“Its only tourists”.

“Locals, local men and women”.

Participants also showed knowledge of what to do in order to cope with certain challenges in their businesses. They developed these coping mechanisms because of the passion for what they do and their determination to succeed. This knowledge was acquired from previous experiences, observation and communication with more experienced traders in the same line of business. One of them said that;

“We just know what to take from and what to try to sell first. Some people want open flowers and some people want close flowers and it’s also okay. Now, if you can sell the open flowers first then it will be great, then you won’t have a lost. But you do get a lot of loses. And if you don’t work fast you going to end up being in debt with your flower supplier”.

Some of them resort to ploughing back their profits into the business because of lack of capital. This is to keep it going and for growth while others get goods on credit and only pay the supplier after sales. They called this IOU (I Owe You). This system of trade according to them was to avoid future debts while at the same time helping to sustain their business.

“The profit that I make I put it back into the business”.

“...we use the money and from that time we do it like IOU (I Owe You)”.

With regards to coping with competition, these participants noted that they provide excellent services to their customers to make them regular. They also noted that at times, they significantly reduce the cost of their commodities just to win customers. While at other times, they are forced to put in extra hours in order to make sales.

“You must smile and give them something extra. You must make their bunches nice and give flowers that will last and when they are happy they will always come back”.

“Then I tell my customers look next time when you come I’ll give you discount”.

The above statements from the respondents indicate that they understand the basic principles of how to run a business. It shows that they are able to build trust in their customers and provide ways of increasing sales.

D. Deprivations in health, income, education and assets results in poverty

Poverty is understood as the inability to access sufficient resources to satisfy a socially acceptable minimum standard of living (May, 2000:5). The apartheid era affected many women in South Africa not only at the national level but also at an individual level. The discriminatory policies implemented by the apartheid regime rendered most women vulnerable and susceptible to poverty because of their inability to pursue any kind of educational careers and access health facilities. Most of the women were left with no choice but to take up informal trade as their only means of survival. Lund (1998:29) also stressed that women are pushed into the informal economy in South Africa through need rather than choice. The researcher found that most of these participants became informal traders because they could not pursue an educational career as a result of poverty.

“Yes yes I did regret but there weren’t money for us at that time”.

“To college? No there is no money for university at that time”.

Poverty limits the ability to become literate. This in turns affects the ability to access goods and services essential in enhancing human capabilities. Sen (2000), theory on social exclusion explains that poverty and deprivation are directly linked to social

exclusion. Exclusion from social opportunities like better education can lead to other deprivations that can limit women's opportunities for employment and credit facilities. When women's opportunities for employment are limited they end up using their agency for survival due to lack of education and resources. As a way of fighting poverty, these women entrepreneurs use their agency to improve the "unfreedom" of poverty by taking up entrepreneurial activities in the informal sector to lead the lives they have reason to value (Sen, 1993).

4.6 Lack of social opportunities

A. Support from family members

It is very important for women who have families and run businesses for sustainable livelihood to get support from their families. This is because family support is a way of motivation to them especially in times of business challenges. The respondents were asked if they get any form of support from their families. One respondent reported that she gets support in the form of labour from her kids;

"Well, I am lucky. I've got my kids that can still support me, you know. So I've got another income coming from there, you know".

Another respondent said her husband supports her financially.

"Yes he support me now and again, he support me, but he said he said this is your business you understand.like for instance if I'm down, ne, maybe I didn't make money, ne I'm down, then I go to him I cry to him, oh the business was like that... and then he will support me there and there. He give me small money and as he him also is not working. he's not working".

One other respondent receives moral support from her husband. He talks to her and gives her some business advice when necessary.

"Moral support, he talks to me".

The remaining fifteen participants did not receive any form of family support. Therefore they have to bear all the challenges in running their businesses. This increases their

vulnerability to stress and reduces their capabilities in running their businesses effectively as they have to depend solely on their own strength and ideas. Many women enter into businesses late in life and most of them are having pressure which increases their vulnerability to stress related illnesses like hypertension and diabetes Lund (1998).

B. Limited access to training from government institutions (support systems) in areas such as business skills, and other basic education and vocational training

For economic growth to be attained in South Africa, the government has to ensure that every citizen is given an opportunity to empower themselves. This can only be achieved by filling the gaps of inequality and poverty that was created during the apartheid era and avoiding policies that are gender biased. Providing supports to SMMEs especially with particular attention given to previously disadvantaged will help to reduce the twin problem of poverty and inequality in families and communities.

Five support systems in particular were taken into consideration in this study namely: the Khula Enterprise Finance Limited; SEDA; Umsobomvu Youth Fund; Nstika Enterprise Development Agency and the Manufacturing Advice Centre. These support systems are geared at providing women with training, business and managerial skills as well support them financially. The reason for choosing these support systems is that they all have branches located in the CCT and can easily be made accessible to these women.

Table: 6 Knowledge of and experience with chosen support systems

Sub-category	Support systems				
	Khula Enterprise Finance Limited	Nstika Enterprise Development Agency	SEDA	Manufacturing Advice Centre	Umsobomvu Youth Fund
Never heard of the support systems	16	18	15	18	12
Heard the name	2	0	3	0	6
Received assistance	0	0	0	0	0
TOTAL	18	18	18	18	18

Although the government has provided these support system as a medium through which the participants could acquire training, table 6 above shows that the actual use of support systems to acquire training in areas such as business skills, and other basic education and vocational training is limited. The participants who had knowledge of the Khula Enterprise Finance Limited; SEDA and Umsobomvu Youth Fund had never received any training and managerial skill from the support systems and they expressed a lot of disappointment with the way the organizations operate. The participants believe that they will not succeed or qualify even if they apply due to their age and lack of invitation and information.

“Uhm you know Cape Town is very different from Joburg. Like everything here in Cape Town is like under the cover you know. It’s not like open like in Joburg...”

Age was mentioned by another respondent as a great obstacle in accessing training from support systems.

“Yeah youth fund but I heard some other people say that you’ve got problems if you are over 50 whatever, you know, nothing is going to happen and then we lose hope.”

One respondent said that she was never invited for any training session.

“We always hear there is support system that people offer for the informal traders, but we never get invited on there”.

Limited knowledge means their inability to access other social opportunities such as trainings from available support systems. This affects their participation in economic and political activities. Sen (1999:39) states that these facilities are important because not only do they affect women’s lives, they ultimately enhance effective participation in greater economic and political activities. From the findings above, it can be summarized that participants are not well informed and never received any form of training from the support systems. This confirms Goldstuck (2004) who asserted that efforts made by the local government to support SMMEs have failed as these SMMEs do not make use of these services from the government.

C. Faith based emotional support systems

Due to the hurdles and enormous difficulties involved in informal trading in the CBD, the participants depend not only on their inner strength but sometimes on divine assistance for survival. Their faith helps to sustain their self belief and keeps them motivated.

“I, I don't know. I would always use God, you know, because God said there is nothing that is impossible that you cannot do. Some I believe when that, if I do business I know there will someone that is going to help me that is Jesus”.

“Me I will always said God gives you strength to do something. Even yourself you ask yourself my lord, how come my table is like this because I don't know, it's Him. You know, and then when you think of let me buy that let me buy that, that's why I survived”.

The absence of faith demotivates these women and prevents them from thinking of future growth in their businesses.

4.7 Lack of economic facilities

These are the entitlement of individuals. In the CCT, women in informal trade are entitled to certain economic facilities order to survive. These include access to resources, market,

good infrastructure, learning institutions. However in this research study most of the women in the CBD of CCT reported that accessing these economic facilities were the major challenges to them.

A. The challenge of accessing finances for informal trade

- ***Through Commercial Banks***

Insufficient capital to set up a business has often been a challenge and a barrier to growth for female entrepreneurs experienced in developing countries (Verheul & Thurik, 2001). South Africa is no exception. All the participants (100%) who participated in the research pointed out that the lack of access to finance and credit from financial institutions such as commercial banks as a major barrier to their growth.

“There’s no money to keep the business running”.

“The banks don’t wanna help us because we don’t have enough money”.

“I can’t get money from the bank because I put small money at the bank”.

“Because they see that we are informal traders we don’t do enough money to qualify for credits”.

These quotes show that participants can only save very little or sometimes are unable to save in banks due to the little daily or monthly profits they make. This implies that banks regard informal traders as people with limited income and thus do not consider them credit worthy. Their inability to obtain credit limits the growth of their businesses. According to Meier & Stiglitz (2001) financial institutions are very important in the society as they can hinder and limit women’s economic activities.

Another challenge that was pointed out by the respondents regarding financial institutions was the high interest rates they charge. Such interest might render repayment difficult. A respondent said even if she is given free access to financial assistance she is very likely to turn down the offer not because she does not need the loan but because she wouldn’t have

the money to pay back due to their high interest rates.

“No I don’t want the credit from the bank. Maybe I won’t pay it because of the high interest then they can take me to the lawyers so I don’t want that”.

Lack of access to finance also means lack of purchasing power. This implies limited growth in capital and profit margins and an eventual decrease in capabilities and livelihood of participants and their families. According to O’Neill & Viljoen (2001:39), the collateral requirements for businesses by financial institutions in South Africa, and perceptions of risks as well as political factors promoted totally uneven distribution of loans to women in general, and black women in particular. Although the government has committed itself in strengthening links between small businesses and financial institutions so that money could be channeled to people especially women in the informal sector, their efforts in practice has been less effective. The fact that 100% of these women do not pay taxes, means their links with the local government is severed. This might account for the reason they still have a problem accessing financial assistance from the government who is linked to financial institutions.

- ***Through government institutions***

None of the participants benefited from the Khula Enterprise Finance Limited; SEDA and Umsobomvu Youth Fund financially and they expressed a lot of disappointment with the way the organizations operate. The problem that was seen as an obstacle with accessing finances from organizations was the complex and bureaucratic procedure and criteria required. This discouraged the participants as one of them said:

“I heard about it, a lot of people told me about it but then you have to go through a lot of questions and come... and I don’t feel like going through that...”.

Another participant said she is not interested in support systems because they usually have conditions attached to them.

“... as I say there is always a catch man, so you must be careful. That’s why I’m not interested.”

Corruption as was indicated is an obstacle to access finance from support system. A respondent said;

“Uhm like most of those agencies or helping systems is like, they only help those who they know.”

From the discussion above, one can summarize that participants are not well informed and their knowledge with regards to accessing finance from support systems is very limited. Those who could recognize some of these support systems still could not have easy access to them because their criteria and requirements are too complicated and bureaucratic. This prevents the growth of their businesses. Also the participants think they cannot access the support systems because of their reluctance to fulfill the requirements for accessing support. Their reluctance was further emphasized by the ladies believes that they will not succeed or qualify even if they apply due to their age.

- ***Through other saving schemes***

Every entrepreneur would like to see growth in their business. This is because growth brings in more revenue as more products are bought and sold. Lack of resources most especially finance has limited growth in businesses of most women informal traders. According to (Verheul and Thurik, 2001), insufficient capital to set up a business has often been a challenge and a barrier to growth of female entrepreneurs in both developing and the developed countries. For this reason many women have resort to get finances through other financial schemes. Since all the participants in this research could not access finance through commercial banks and government institutions, they however relied on their families and personal savings through community unions called stokvel to raise such capital.

“Its saving all the time”.

“I borrow from my mother”.

“I was keeping my money”.

“...and then I was in a union, so the union gave me some money”.

A study by Verhoef (2001) found that most women especially African women are still able to raise capital and obtain credit to start up small informal enterprises from family members and through rotating savings called stokvel. Although the participants in this research are able to raise capital through families and stokvels, such amounts are so little and can purchase only limited stock. Limited finances means limited products hence limited profits and growth.

B. Limited access to business required infrastructure

Adequate infrastructure is essential for the success of any business. Municipal services like water, shelter, sanitation and refuse removal services, as well as access to electricity, are a pre-requisite. These services may support or in their absence constrain the informal business sector (Western Cape Provincial Treasury, 2007).

- ***Building infrastructure***

All the 9 participants selling at the Green Market Square reported that they had no infrastructure. This has been a big problem to them as it retards business growth. Furthermore, it renders their products vulnerable to the changing weather conditions. They cannot operate during such weather conditions because of lack of shelter. During very hot summer days they get burnt by the sun and even the quality of their products are negatively affected. All these affect their wellbeing and businesses. This is what two respondents said;

“Where I am located, where we are located we have a problem because, uhm, this is a cold place, as I've said already. Trading here is not, is not exciting, let me put it that way. Because trading here when it rains, sometimes you don't even trade. Get my point. Our things got damage”.

“No infrastructure. We have been asking our committee to ask the city council, as we pay rent direct to city council, to provide a shade roof on the market for us, where we can be safe at least for winter, and protected in summer. Because even in summer our things get damage. If you go into our storages you will see boxes and boxes of damage stock sitting

there. And there is no where you can replace it. You have to take it, you fix it, and then you feel uncomfortable selling these fixed things to your tourists. So that's why I'm sitting with about three, four boxes in my storage”.

From the research data collected, lack of access to proper infrastructure is one of the problems the participants experienced. In particular shelter against harsh weather conditions and access to storage facilities for their commodities pose a major problem. Lund (1998:35) postulated in his study that with regard to provision of shelter in the Johannesburg CBD, only two out of every ten vendors had cover. A study found that more men than women traders had covered stalls - 33% compared to 19%, and noted that the inequality in the distribution of stalls among men and women could be an aspect of poor policy formulation or policies which are gender blind (Lund, 1998:35). Such policies have put men at the forefront of development with less emphasis on women. Another reason could be that the implementation phase of these policies deviated from their original plan of action as a result of inadequate monitoring. This is true for CT.

- ***Sizes of stall are too small***

All three participants trading at the CT Taxi Rank and one from green market square complained that the sizes of the stalls are too small. This prevents proper display of their products. Small stalls and high rentals imposed by authorities seem to be a major problem. This is what some of them said;

“You see, yes, on this market before there was no size of stalls. But when the council took over they got us with double stalls. Now they all cut us down because there is so much people who want to open their own businesses”.

“... They put instead of a nice gazebos and the things that we were used to, they put us in small, in small containers, in summer we die in the containers, in winter the rain come in by the door. It's so small.”

“The rent it's very high for us because at the end of the day you don't make any profit you only work for the rent.”

This limited spaces that prohibits proper display of merchandise coupled with astronomic

rentals further compounds the growth of informal traders.

- ***Lack of parking bays for customers***

The remaining six participants selling flowers along Adderley Street say they do not have parking spaces for their customers because the space had been used up by the council to construct a new bicycle lane which is hardly ever used by the public for that purpose. Two respondents in relation to the new bicycle lane constructed by the council said:

“No, the only thing that I see affecting our business is like this road that they took away now, the parking space. They took away from clients. Now they put a bicycle lane here, for what? They waste money. If you sit here one day, then you see one bicycle for the whole day is coming through here”.

“The problem really started when they started building this bicycle lane here, at the beginning. And the first, the very first time, they were constructing this whole mall, as you can see here. And it was so full of dust our flowers were destroyed all the time”.

These participants complained of having no voice regarding developmental initiatives initiated by the City Council in the areas where they conduct their businesses. They complained that the size of their business location have been significantly reduced by the council to make way for other development types just because they informal traders are not considered to be playing an important role in the economy of CT. All these respondents noted that many suffering families who depend entirely on selling flowers for their sustainability are now forced to scramble for a very limited business location. They noted that things are getting difficult by the day due to the lack of assistance from the government and other institutions. Lack of infrastructure and support has negatively affected their daily sales and thus affecting the growth in their businesses. They all showed signs of frustration and said they have lost the hope and trust which for their government.



Picture 4: Lack of proper shades to protect business products from getting damaged on days of bad weather conditions

C. Types of products that are sold

Thirty three percent (33.3%) of the participants sell flowers along Adderly Street. This is a challenge to them. Flowers are highly perishable and can only last for two weeks. If they are not sold by then, they get dry resulting to a big loss.

“Because the flower is perishable, the lights make the flowers dead”.

“Its perishable, you must throw it away. So we are just losing. But we are so use to losing all the time that we don't even bother anymore. You know what I'm saying.” Its like becoming life, it must be like that. And it's not right. That's not right”.

All four respondents selling curios and wooden craft at the Green Market Square said most of their goods get damaged by rain water and sun due to lack of shelter. This also reduces their capital.

“Like for instance the wooden thing ne, if the rain falls there ne, once it touches there you have to clean, sometimes you find out you don't clean them nice because it's already too much water inside. There it's another loss”.

“...then the rain come and then damage your stuff all those things”.

The participants are therefore implying that their goods are perishable especially the flowers as they do not last longer than two weeks. The curios are also very fragile as they easily get damaged by water and the sun resulting in a great loss. The researcher also observed that more perishable goods were sold by women making their business more risky. The differences in the type of goods men and women sell could be as a result of gender differences. Muiruri (2010) found that women informal traders dominate in the sale of perishable goods like vegetables, flowers and fruits that are non-water resistant products. Men dominate in the sale of higher value non perishable commodities such as electrical equipments and accessories.

D. Inability to market their products

Marketing is essential in business. Van Rensburg (1997:165) says that the business environment has grown more dynamic and competitive and consumer needs are more varied. To succeed therefore publicizing a business is essential to attract consumers. It is for this reason that the researcher wanted to find out if the women informal traders have a marketing strategy and in what format. The result showed that all the nine participants that participated at the Green Market Square saw advertisement as a challenge and will welcome assistance from the CCT local government which according to them has not been forth coming.

“Definitely it will be good for the government to advertise our market to the people and the more people that comes into South Africa and know about our business the better we are going to sell our stuff and help reduce poverty in our families and communities”.

“Advertise the market here for us”.

These quotes show that the participants lack marketing skills and would like the government to assist them in this regard. The lack of marketing skills can be attributed to lack of education. A business person has to be literate enough to understand the business language and to be able to negotiate important deals. Lack of education will limit marketing skills and activities which are very crucial in the entrepreneurial sector and if

not properly coordinated has the potential to limit exposure and sales. Lack of skills and ideas is more dangerous to development economics than any other factor (Meier & Stiglitz, 2001). Inability to properly market their businesses makes them vulnerable. This means their chances of failing to achieve sustainability in the businesses are significantly high. (Mazibuko & Struwig, 1993:70) found that most black women entrepreneurs lacked managerial skills in terms of marketing, financial matters, innovation, planning and organization. This is supported by O'Neill and Viljoen (2001:42) who outlined barriers to entering the business world by female informal traders as, among others, the lack of business experience and training as well as lack of management skill.

E. Competition from peers due and large retailers

Competition has always been a major challenge to most entrepreneurs. It has resulted in price cuts and hence lower profit margins for some and to early retirement for others. The findings from the researched showed that all 18, (100%) participants found competition to be a major challenge in their various business ventures in terms of the types of products they sell and the venue where their businesses are located. Three participants actually said:

“One and the same product. Because there's too much competition now...”

“There is competition we are like 14, 15 people competing against one another . . . the problem is that some are selling cheaper and uh . . . it's the price, uh because if we're selling the same product others are selling very very cheap”.

“The other challenges you know what, I will say, uh, you've got someone who, like from this people, from the people now that supply us ne, some of them they've got stalls here ne, some of them they've got stall and then they they go home. ne and then they bring stuff from us ne, and then they sell something cheaper and then you, like me, I can't sell if they said to me wholesale price is R20 ne, me I can't sell my thing with R30, I will sell at least R25, but they can sell with R20, that's the thing, do you understand?”

One respondents from green market square believes the reason for the competition at the green market square is because foreigners especially the Chinese come in with foreign goods or products which have dominated the market because they are sold at cheaper

rates.

“...but you see what is all to the problem, mainly there are these Chinese clothing coming in. To make clothing for local people is difficult. Because you getting all these Chinese clothing and it's very cheap, very cheap and you can't compete with that. You can't compete with stuff like that”.

Another respondent noted that the competition crisis is aggravated also by the fact that wholesalers own retail outlets in town. This means there is a likelihood that they will sell at very low prices than them because of their large scale advantage. The struggle to survive in the informal sector has led to intense competition. This has squeezed the profit margin in a context where declining real incomes decreases the purchasing power of urban consumers for goods and services from this sector thus affecting women more than men (Taylor & Mackenzie, 1992:10).

Some of the participants selling flowers said the competition is too high for them because most supermarkets in the city centre are now selling flowers at even cheaper prices than them. Worst of all these supermarkets provide services they (respondents) cannot offer to consumers such as selling flowers on credit to those with credit cards, thus taking away all their customers that use to purchase on cash bases.

“The biggest challenge is that Woolworths is selling flowers, fruit and vegetables; pick n pay is selling flowers, and now it makes it much harder for us to sell our flowers here. They're selling most probably anything that we're also selling. ...the people go buy on credit cards there, you know that is the advantage that they can have. If they don't have money they can just take their card out and buy with the card. And that is what is making the business here fail”.

“Normally they said Woolworths sell food everything, why do they wanna sell flowers also. They wanna take your business away. And they did eventually. Clicks supermarket, every shop is selling flowers now, which is so unfair. This government must sort that out.”

The traders operate in close proximity to retailers like Pick N Pay and Woolworths and as

a result their sales are undermined by availability of cheaper flowers and a wider range of flowers. Their size and better services give them a competitive advantage. This poses a real problem to these informal traders as indicated by the above comments. The United Nations (2000:124) indicated that women tend to dominate in businesses with few entry barriers (food and craft). Due to fierce competition, these businesses have low profitability and limited opportunities to growth. All the respondents believe that they are being neglected by the government who was suppose to have known that a lot of families from generation to generation depend on these businesses that are being destroyed and lost because of competitions from big corporations. As much as one can attribute this fierce competition to the proximity of the businesses, the real problem in this regard can be attributed to the failure to put in place policies and regulations to properly control competition in the market environment and to protect and promote business initiatives conducted by locals from previously disadvantaged backgrounds. Such failures in policies, legislations and regulations on the part of the government have made life difficult for informal traders as they find themselves battling for the same market spaces and consumers with already established and highly resourceful business corporations.

4.8 Lack of transparency guarantees and accountability

This relates to openness and trust amongst different ‘parties’ or clusters. Sen (1999:40), states that transparency guarantees are an important aspect of development, as they “have clear instrumental roles in preventing corruption, financial irresponsibility and underhand dealings”. This instrumental freedom is good because it encourages openness amongst people, as well as accountability. Regulations and lack of responsiveness from local government officials work against transparency. Participants in the research were not given relevant information to hold officials.

A. Lack of information

Insufficient market information was noted to be a challenge to the participants as according to them it drastically slows down the growth of their businesses. Most traders usually have no official information about the market thus have to rely on friends and fellow competitor’s market information which in most cases is unreliable or faulty

(Morris & Saul, 2000).

- ***Lack of information about government regulations particularly on how public space is regulated***

Regulation here refers to the systems and regulations put in place by the authorities to regulate the activities of businesses. Such regulations are needed to ensure fair trade, quality products, protection of business ideas, regulation of income tax and fostering of development. Compliance with regulations especially by women in the informal sector will facilitate access to financial services and create more employment over time (Reinecke and White, 2004).

The CCT acknowledges the importance and contribution of informal trading to the economic and social life of the City. It has formulated an informal trading policy that forms the bases for the by-law that regulate informal trading (City of Cape Town, 2004). This policy covers the different types of informal trading that take place in the CCT. This includes street trading, markets (flea & craft markets as well as special markets, e.g. flower market) and trading at transport interchanges. The policy ensures the registration of all informal traders and the payment of rentals. This action gives permission to operate, and provides access to services and support. Information about all those who have registered will be kept in the centralized inter-departmental information system (City of Cape Town, 2004).

Taxes generate income for the state and are used to control economic activities. South African Revenue Service has the responsibility of collecting and managing taxes. Three forms of taxes are applicable for SMEs in South Africa. These include Income Tax, Value Added Tax (VAT) and Pay as You Earn (PAYE) (SARS, 2011). SMEs are often discriminated against tax incentives as most of them cannot afford to pay tax due to the minimal turnovers which SMEs make and the huge sum that is expected from SMEs (Harper, 1994).

Eleven participants of this research did not comply with regulation and indicated a lack of

knowledge as their reasons.

“I don’t know of any regulation”.

“We hardly know about things like that”.

Although eleven of the participants did not comply with regulations, seven still expressed their wish to comply in future

“I will like to register when my business grows”.

“It is a good thing to register”.

The reason given by most of the participants for non compliance was lack of information. Most of them are not aware of the benefits of compliance and as a result do not bother about regulation.

- ***Lack of information about chosen support systems***

Table 6 above shows that all the participants 18 (100%) noted that they had never heard of support systems like Nstika Enterprise and Manufacturing Advice Centre. Sixteen participants had never heard of the Khula Enterprise Finance Limited, fifteen had never heard of SEDA and twelve had never heard of Umsobomvu Youth Fund.

“I didn’t get information”.

“I have never heard of it”.

“I got no idea who would want to support us”.

This lack of information by participants about support systems is of concern. All these organizations are known to be promoting themselves as being in the communities to assist SMMs. People remain poor because they lack information and knowledge that are of economic value to them (Meier & Stiglitz, 2001).

Looking at the percentage of those who had heard about any of the support systems, only two (11%) participants had heard about Khula Enterprise Finance Limited, three (17%)

had heard of SEDA and six (33%) had heard of Umsobomvu Youth Fund. They reported that they heard about the support systems from the Television, newspaper and from friends.

“I heard about that on the news sometimes but not that it makes me most interested in that”.

“I have heard about that but I only thought maybe the Umsobomvu Youth Fund is only maybe for the youth... But I didn’t know about maybe Umsobomvu that can help maybe people like us with small business”.

“I don’t know if it’s money or what. I really don’t know but they talk about money and then immediately when they say young people and then you tell yourself uh, I’m not young anymore”.

Insufficient market information drastically slows down the growth of African markets. Most traders usually have no official information about the market thus have to rely on friends and fellow competitor’s market information which in most cases is unreliable or faulty (Morris and Saul, 2000). Although some of these support systems were known by some participants, they did not however know how they operate or what they offer because the wrong information usually gets to them.

B. Registration

The first step to formalize a venture is to register it. The eighteen participants were asked to share their thoughts and experiences regarding registering their business with the CCT and SARS. Findings showed that ten out of the eighteen respondents are registered at SARS. The fact that some of these participants are registered shows their awareness and willingness to comply with regulations despite their dismal profit. The remaining eight respondents noted that they are not registered with SARS because their minimal profit doesn’t warrant them to. A survey done by Reinecke and White (2004) showed that more than 60% of South African SMEs did not comply with registration requirements in 2001. In addition, Foxcroft et al, (2002) also supports these findings by stating that in 2002, 88% of business owners did not register any of their business.

All the participants however reported that they are registered with the CCT Local Council.

“The City of Cape Town has got everything on paper”.

“Because we are informal traders we only register at council at the moment”.

“By the city council”.

The advantages mentioned by these women informal traders with regards to registration as micro enterprises are the ability to get financial support from financial institutions, marketing, limited competition and the business protection from unforeseen contingencies like fire and theft. The Report from the SBP, cutting the cost of red tape (2004) states that most informal business owners see the benefits of registering as better access to credit, suppliers and the markets. Even though it is difficult for some of these participants to state what kind of benefits registration would bring to them, they however still believe that there are benefits.

All the participants further said they pay rents for the space they occupy to the CCT.

“I pay R245 every week and we’ve just heard that we’re gonna get new contracts and the rents is gonna increase”.

“I pay R400 a month to the council”.

Different amounts are levied on the space occupied depending on the business location. According to the City of Cape Town (2004) informal trading policy, rentals is linked to site size, desirability of location and the level of services provided.

The researcher went further to investigate whether the respondents do pay their taxes. All of them reported that they do not pay taxes because they fall below the tax paying bracket as stipulated by SARS and would like to pay if they can make reasonable income out of their businesses. This is what some of them said:

“No we do not pay taxes because the average money that we earn is not up to that”.

“Because the income is too little to pay tax. There’s not even hardly income”.

“If I grow, if I start importing, exporting and getting R20 000, R30 000 then I can look at that”

Another respondent said she heard that the registration process is too complicated and requires a lot of information which they do not have.

“I think to register is difficult. You know when I did go to SARS I was going to ask there I want to register but I didn’t know how. And I tell them they must explain for me why I must register, what I’m going to get at the end. And then they said they will phone me, from that time until now they never phone me”.

Participants working in the informal sector do not understand the tax and registration requirements because these requirements are too complex. Information is not available to women informal traders in a way that they can use. Strategic Business Partner (2004) stated in their report that registration processes in South Africa are both complicated and costly. The fact that these participants are not registered and do not pay taxes is as a result of them not earning enough to do so. Taxes are only collected from those who are above a certain income bracket. This aspect confirms that these participants are barely subsisting and are living in poverty.

4.9. Lack of protective security

According to Sen (1999), protective security are measures put in place to protect women informal traders from any form of theft, harassment, crime that will have a negative impact on their businesses. The researcher wanted to find out if the local council of CCT has put in place measures to prevent the participants from any form of crime and violence.

- ***Crime and violence***

A number of studies mention crime as one of the biggest problems faced by traders as there is a high rate of crime and violence in South Africa (Nair, 1996). The participants were asked if they do experience any cases of crime and violence. Nine (50%) out of 18

participants said that there were no cases of crime and harassment. This might mean that the level of security has been improved around CT which is good for informal trading. This is attested by two respondent's comments which states:

"No not since we had the security people here it hasn't been here."

"No. No crime and harassment only strollers then we call the security".

The remaining 9 (50%) respondents all reported that they do experience crime in the form of theft committed by hawkers, drug addicts and beggars along the streets who come from other parts of the city.

"Ja, we got a lot of crime from drug addicts, and the bergies that comes around. Lot of thieves around where the banks is. We got lot s of that around. But the security officers are there, but they can't watch them 24 hours."

"Criminals steal and sell to hawkers who sell it here and people would buy from them instead because they will sell the stolen stuff at cheaper prices."

"...because sometimes because of this crime the customers are not coming."

The cases of theft are seen here by these respondents as a result of inadequate surveillance and monitoring on the part of security officers. Informal sector businesses are typically more exposed to criminal activity due to less security at their premises and the exposed nature of their activities. Crime negatively affects informal sector operators, perhaps even more than it does for formal businesses, since the informal are unlikely to have insurance against stock and property losses (Western Cape Provincial Treasury, 2007). Also it affects them in that it scares most of their customers away thus reduces sales. Safety and security are important to ensure that economic activity thrives.

Crime and harassments are actions that cannot be totally eliminated from such business venues but can be reduced by constant patrolling of law enforcements or the employment of devoted securities who are not themselves corrupt. However the participants reported that they have developed their own strategies geared at curbing crime rates. They act as some kind of vigilant group to protect themselves and their customers and also alerting

any customer whom they suspect is being targeted. One woman expressed how they attempt to address the problem in their business area by stating in her own words that; *“We know already who wants to pick-pocket what. And if they following people, and we see that the bag is open, then we don't wait, we soma say "lady, you bag is open, and he wanna rob you. He can just walk away. But then we know he's not going to try it here by us again because we open our mouth too big”*.

4.10 Lack of political freedom and lack of participation in decision making

This means the freedom of informal women traders to express themselves, freedom of press, as well as the ability to examine and condemn authorities (Sen, 1999). While the participants have political rights, they lack political freedom because they are afraid to use their voices to demand or claim access to economic facilities. They cannot talk about their grievances and business experiences for fear of being chased from their business sites. They are not given the space to make their voices heard in matters that concern them.

“... But we can't do anything. If law enforcement can't do anything, what can we do. Because they rude, they do drugs, they do this, they do that. And we can't say anything to them. So that's also a major problem”.

“Uhm, the challenges that's facing us or facing everybody at the moment , uhm , and people are too scared to speak up. If they from a foreign country, that's their only source of income, they don't wanna make trouble or cause anything, so they don't speak up. Me and you, we can do it, but it's not enough. We need the majority to support us. Which is not happening”.

Communication is very vital for entrepreneurs because it is the medium through which they can make their problems known. The lack of freedom of expression and participation in decision making by the participants means the absence of solutions to the challenges they encounter as informal traders. If the challenges are not dealt with it reduces their capabilities as entrepreneurs and affects their businesses and livelihoods.

4.11 Conclusion

This chapter has covered the findings that have emerged from the interviews. The research findings were drawn from Sen's capability approach to facilitate data analysis. The findings suggested that access to finance is a hindrance to the growth of informal trading in the CBD. It also highlights the fact that support systems put at the disposal of these women are underutilized. Proof of this is that most of the traders have either never heard of or never utilized such systems. For effectiveness these support systems need to find better channels of communicating their existence and the government need to adopt less stringent rules or requirements for accessibility.

The next chapter will look at the general conclusion and recommendations that surfaced from the findings. The recommendations will be proposed to assist women informal traders in the CCT.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The main purpose of this study was to explore the experiences of women informal traders in the CCT with regards to challenges they face and their level of awareness and utilization of the existing support systems available to them. The chosen methodology of using in-depth interviews proved to be effective in this regard. The purposive sampling strategy was used to get women that could be interviewed and it was a sample of 18 women informal traders. A survey method of collecting data was used where a semi structured questionnaire was implemented. The data was then collected and analyzed.

This chapter offers the conclusions drawn from the objectives of the study. It also offers recommendations directed at different key role players.

5.2 Conclusions

5.2.1 The challenges faced by women informal traders in the City of Cape Town

Informal traders are the most prominent economic actors in the CCT. Informal trading contributes a lot to the socio-economic development of poor urban women who are self-employed and survive basically on the earnings from informal trading. The alternative to informal trading is unemployment which is associated with its social and economic problems. Informal trading provides marginalized women in CT with an income which though low and irregular is able to cater for their families. For these women to be able to earn an income however small it may be, is a form of empowerment and contributes to income distribution.

Although informal trading contributes a lot to the socio-economic development of poor urban women, this study however reveals that the women informal traders in the CCT face a number of business related challenges. This section therefore highlights the perceived challenges derived from the respondent's responses to the research questions.

The research study acknowledges that those women informal traders in the CCT experience challenges such as lack of access to finance. For example they are unable to borrow money or demand credits from banking institutions. This could be attributed to such institution's failure to appropriately disseminate relevant information. Low profit margin means they can not meet the collateral requirements by banks to ease credit or loans. Loan systems available are often not known to these women as information regarding them are not properly distributed and thus fail to reach them. These women therefore resort to ploughing back their profit into the business or collect products from suppliers on credit. This hinders the growth of their businesses.

Women informal traders lack some business and expertise skills such as marketing skills, financial management planning and organization. This is because majority of the participants receive very little, faulty or no information about support systems like Ntsika Enterprise Development Agency and Manufacturing Advice Centre that offer training opportunities. This lack of information is blamed on poverty, gender imbalances and the apartheid regime. Their poor family background impeded and limited their educational opportunities hence their non-existent or insufficient business skills. The persistent gender inequality also acts as a catalyst to perpetual stagnation of women entrepreneur especially those involved in informal trading.

It was evident that these women lack infrastructure such as parking and structures with roofing for shelter which impacts on the smooth running of their businesses. The lack of infrastructure can be attributed to unfavorable laws which turn to affect negatively those it is actually drafted to protect. Sometimes the drafting does not take into consideration some of these people who find themselves in the lower echelon of society thus hindering them from moving up the societal ladder.

The perception of these women with regards to competition is based on similar businesses. For instance the sales of the same product by both wholesalers and retailers in the same business area as there are no proper regulation put in place to restrict the types of goods sold on the street.

Crime and harassment experienced are gender based. Women are known to be the weaker sex and that makes them more vulnerable to attacks. Lack of surveillance and monitoring on the part of security officers also contributed to the high crime rates.

Another challenge is that of having to prove themselves as women even though they have years of existence. This fuels the stereotypes that women are incapable of managing their own businesses. These challenges that women informal traders in the CCT face do not seem to be a discouragement but a motivation to achieve more and climb up the ladder of success as far as business is concerned. They are able to use the qualities they have to deal with the problems they face by proving excellent customer services to their customers, distributing complimentary cards to customer, replacing damaged products, advertising their businesses and working extra hours to make more sales.

5.2.2 Support systems

The South African government saw growth in the SMEs as a tool for development and took up the initiative to put in place supports for SMEs although the study showed that the support failed to reach the participants of this research. The study makes conclusions based on the findings in the previous chapter.

Existing support systems

The study found that there are many support systems provided by the South African government to assist women informal traders some of which are Khula Enterprise, Umsobomvu Youth Fund, Ntsika Enterprise Development Agency, SEDA and Manufacturing Advice Centres. This suggests that South Africa does not need more support systems but should intensify and ensure that information about the existing support systems reach the targeted group.

The level of knowledge of existing local government support systems

The participants in this research have very little, faulty or no information about these supports systems. The lack of information about support systems resulted in the under-utilization of them. As noted during the study, these support systems were not visible or

available to the participants thus failed to reach their main target group. An example of faulty information is the belief that support systems such as Khula Enterprise, Umsobomvu Youth Fund, Ntsika Enterprise Development Agency, SEDA and Manufacturing Advice Centres are meant only for youths and not to women of their age.

The experiences regarding the utilization of local government support systems

The few participants who have heard of some of these support systems such as Khula Enterprise, Umsobomvu Youth Fund and SEDA do not know or utilize them. The opinion of these women about support is that it is faulty, corrupt and the many requirements make them inaccessible. This implies that the support failed to assist the women who needed it the most. Misunderstanding of information is constantly mentioned as an obstacle to gaining support. Therefore women informal traders would need reliable information and training in order to make use of these support systems.

This confirms Sen's view that the capability approach is a critical factor in building women's agency and promoting their economic participation. Social opportunities expand human agency and freedom both as an end in itself and as a means of further expansion of freedom (Sen & Dreze, 1996).

5.3 Recommendations

Based on the problems that have been identified from this study the following recommendations are made to address some problems that women informal traders experience in the CCT.

5.3.1 Policy on Informal Street Vendors

The CT City Council must be committed to change in order to ensure that relevant policies and laws governing street trading are formulated. The national policy on informal trading needs to be developed through participatory processes which involves stakeholders in the central and local government, women informal traders, private sector and advocacy groups to draft better policies on informal trading with major focus on women. The objectives of these policies would be to provide a supportive environment

for earning livelihood to women informal traders. It will also ensure that legal status are given to women informal traders by modifying, passing and implementing appropriate laws favorable to women informal traders. This will recognize women informal traders as workers and their trading environments as their workplace.

This policy must recognize women informal traders and ensure that a local government budget is allocated for them in the CCT. The budget will be used to provide services that are needed by the women informal traders and to provide loans at very low interest rates to them. This will encourage women informal traders to become tax payers and give them the opportunities to demand for better services and good investment terms.

The policy must include women informal traders in the urban development planning processes. This is to remove the barriers of poverty and unemployment through early development business skills, knowledge and entrepreneurial activism to women in the CCT, thus enabling an environment for job creation.

5.3.2 Open more business information offices in the CCT (CBD)

The major reason for lack of knowledge and under-utilization of support system was attributed to lack of information about these support systems. It is therefore recommended that the CCT should create offices with the following functions:

These offices should have qualified business adviser to guide women informal traders on how to run their businesses especially when it comes to drawing a business plan and deciding on the type of product that will be lucrative in a particular site. These business advisers should pay regular visits to the women to ensure that proper attention is given to the women.

The offices should offer information on relevant regulations about relevant existing support systems through the organization of informal women forums and also link women informal traders with financial institutions to enable easy access to these financial institutions for women involved in informal trading.

Ensure that women informal traders organize women forums in the CCT. This forum will give women entrepreneur the opportunity to assist one another and share constructive business ideas as experienced women entrepreneurs should be invited to regularly teach the new ones.

Ensure that business training centers are established for women informal traders in the CCT. Such centers should provide training at very little or no cost to encourage the women to register in the training centers. This will provide the women with managerial and expertise skills that are lacking for entrepreneurship thus the challenge of limited training, managerial and expertise skills is reduced.

Ensure that support mechanism that are currently offered to SMME's and women entrepreneurs must accord some degree of attention to women entrepreneurship wishing to access advice on business and finance.

The local government must hold annual competitions, annual summits, awards ceremonies, international exchange programmes to facilitate and promote success stories of young entrepreneurs.

The local council together with the Department of Economic Development must lead a media campaign to teach women informal traders how to save. By so doing the women will be able to start up a business from their personal savings rather than debt financed business.

Develop an information base regarding women informal trader's numbers, conditions and gender data. This information will be used during policy formulation processes for women in informal trading.

Ensure that the CCT make available land for business owners. Also proper buildings should be provided to the women entrepreneurs for shelter as it is essential for their

economic development. This will help reduce the challenges encountered during unfavorable weather conditions.

The local government must organize media campaigns. This is to educate women informal traders about the various support systems and their importance. This will be done through printing newsletters, magazine, pamphlets, flyers, posters and other audio-video materials to create awareness amongst women informal traders and the society.

5.3.3 Need for organizing women informal traders

Women informal traders in the CCT need to be organized. The women need to organize an informal trading association to advocate on their behalf and to serve as a platform through which they can become united. The objective of this association would be:

To ensure that joint ventures are formed between black women informal traders and their white counterparts in the CCT to encourage participation in government programmes. This will be beneficial to the black women informal traders because their white counterparts have experience in business due to exposure and will equally deal with the problem of competition.

To protect the rights of retailers with laws at local levels that guarantee the fundamental rights of informal street traders with an adequate legal aid service to protect this sector and to improve legal literacy so that informal street traders are informed of their rights and how to defend them.

The association will further engage women informal traders in a dialogue with the CCT local authorities on a series of economic and urban planning issues. This will enable them demand better services and treatment from local authorities.

5.3.4 Suggestions for further research

The topics that are required to find out most appropriate ways of supporting women informal traders in the CCT that will result to their empowerment are as follows;

- This study explored the experiences of a small sample of women in informal trading in the CCT. Further research is required to show whether the experiences and challenges experienced by this group can be generalized to a bigger sample.
- The study also raises interesting questions for further research on whether race matters in informal trading. Would white women experience similar challenges or different ones?

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Attachments

INTERVIEW SCHEDULE FOR WOMEN INFORMAL TRADERS IN THE CCT (CBD)

Regarding the business owner

(Background, education and motivation for starting the business)

- What is your name?
- How old are you now?
- Tell me where you come from?
- How did you get into business?
- Why did you choose business?
- What did you do before starting this business?
- How far did you go in school?
- Did you have any experience in business before you started this one?
- Where did you learn how to run a business?

Regarding the business

(Products, services, working hours, income)

- When did you start this business?
- How did you start this business?
- What products do you sell?
- Where and how do you get the products you trade with?
- How much capital did you start the business with?
- Where/how did you get the capital?
- How long have you been running this business?
- How much do you make a week? A Month?
- How many days do you work in a week?
- How many hours do you put in a day?
- Do you have any employee/s? How many? What do they do?

- Who are the main buyers of your product?
- What future plans do you have for your business?
- What do you do with the income/profit you make out of your business?

Registration

- Is your business registered with CIPRO or any other government register?
- If yes where are you registered?
- If no why not?
- Do you intend to register your business in the future?
- What are the advantages/disadvantages if any of being registered?
- What makes you different from those that are/not registered?

Regarding Challenges/obstacles

- What problems do you have with regards to the following
 - Access to credit?
 - Infrastructure?
 - Security?
 - Crime and harassment?
 - Competition?
 - Marketing
 - Product
- What other problems do you have in running your business?
- How do you survive with the challenges/problems you face?
- How do these problems hinder the growth of your business?

Regarding support systems

- Do you know if there are any support systems out there?
- If yes what are they?
- If no why not?
- Do you get any credit from any financial institution?
- What kind of financial support/credit do you get for your business?

- If YES from where do you get this support?
- Where did you find information about these support systems?
- Was it easy for you to use these support systems?
- What makes it difficult for you to use these support systems?
- What was the process to get this credit
- If NO why not?
- Do you know of any non-financial systems that exist?
- If yes what are they?
- Have you heard about the following existing support systems
 - Small Enterprise Development Agency (SEDA)
 - Khula Enterprise Finance Limited
 - Umsobomvu Youth fund
 - Ntsika Enterprise Development Agency
- Do you get support from any of them?
- If yes how have you benefitted from them and if not why not?
- What is your opinion about existing support systems?
- Do they work?
- Are they useful?
- Why/why not?

Future goals

- Where would you like your business to be in future?
- What will prevent you from taking your business to a higher level?
- Would you like the government to support you?
- How would you like the government to support you achieve your goals?
- In what ways, if any is the government currently supporting you?

DO YOU HAVE ANY OTHER QUESTIONS TO ASK?

THANK YOU VERY MUCH FOR PARTICIPATING

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